Praj Industries

Operator: Praj Industries Ltd.'s Q2 and H1 FY27 earnings conference call.

As a reminder, all participant lines will be in 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 star, then zero on your touchtone phone.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Purvangi Jain: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Praj Industries Ltd. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the second quarter and the first half of the financial year 2027.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings 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 belief, 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 decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Ashish Gaikwad, Managing Director, and Mr. Sachin Raole, Joint Managing Director and Chief Financial Officer. Without any further delay, I now request Mr. Ashish Gaikwad to begin his opening remarks. Thank you, and over to you, sir.

Ashish Gaikwad – Managing Director: Good day, everyone. I welcome you to Praj Industries Ltd.'s earnings call for the second quarter of FY27 and the first half of FY27. I trust all of you had the opportunity to go through our results for the quarter and half year ended September 30, 2026.

Despite the challenging environment, both domestically and in global markets, our results demonstrate resilience. We have delivered improved performance over the previous quarter. This is due to disciplined execution, increased volume, and a better mix.

Our first-generation ethanol domestic business order booking was a mix of a few greenfield and mostly brownfield solutions. Our customers are prioritizing operational efficiency improvements and the addition of value-added co-products such as distillers corn oil to improve their plant performance and profitability. There is also a visible trend towards feedstock diversification. Several customers are interested in adding grain modules as an add-on to their sugar-based plants. This gives them the ease of switching to different feedstocks based on market conditions, availability, and profitability. Essentially, Praj can offer a multi-feed and multi-product solution to our customers

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for greater business flexibility.

Earlier this week, the Ministry of Road Transport and Highways amended the Central Motor Vehicles Act, 1989, to legally recognize E100, or 100% ethanol, as fuel for certified flex-fuel vehicles. We are closely monitoring the developments on this front, and this paves the way for ethanol capacity creation over a period of time.

As a well-informed audience, you may know that the state-run oil marketing companies, or OMCs, have excluded sugarcane juice, sugar syrup, and B-heavy molasses from their recent ethanol procurement tenders for the 2026-27 supply year. This leaves C-heavy molasses, along with approved grains like maize and broken rice, as the permitted feedstock. As Indian ethanol producers face such feedstock variation challenges, Praj provides them with the required operational flexibility through our proven design, decades of experience, and end-to-end solutions and services to deal with the situation.

On the execution of the greenfield project backlog, our customers continue to experience project funding challenges. The ethanol supply-demand imbalance has also impacted the conversion of the project backlog into revenues. Some projects in the backlog that were based on sugary feedstocks such as juice, syrup, and B-heavy molasses are facing these challenges. We are discussing with our customers to find appropriate solutions, and we believe that clarity will emerge by the end of this financial year.

While greenfield projects in domestic markets are experiencing a slowdown, we see parts of international markets developing positively. These markets include the USA, Brazil, Argentina, Southeast Asia, and Africa. We see an opportunity pipeline of approximately 1,000 crores developing over the next few quarters.

While talking about biofuels, let me update you on the new area of establishing biofuel blending in diesel. We are making steady progress on this subject. India's first bio-IBA plant designed and engineered by Praj is progressing well. Construction is expected to be completed by the end of this year. In the meantime, various tests of bio-IBA blended in diesel on different diesel engines are underway. We are optimistic about this opportunity.

Our Lifecycle Services business continues to grow steadily quarter-over-quarter. We have always shared with you in our earlier discussions that this is one of our focus areas. We continue to serve our customers' installed base globally and domestically beyond project delivery. We offer annual maintenance services, performance enhancers, digital plant services, spare parts, operations and maintenance services, and other critical services that help our customers realize enhanced business benefits from their plant assets.

Regarding our CBG business, we welcome the new Gobar-Dhan policy. This policy has created strong interest in the market. We see growth in our enquiry pipeline for Napier grass, rice straw, and press mud-based CBG plants. I am happy to share that our board of directors has given us in-principle approval to invest up to 100 crores via our proposed JV with BPCL for setting up new CBG plants.

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On the front of sustainable aviation fuel, or SAF, the delivery of a detailed engineering package for an ethanol-to-SAF plant for an international customer is progressing well. The final investment decision for this project is expected in Q1 FY28. A favorable FID will create opportunities to supply equipment and modules for construction of this plant. We continue to pursue opportunities globally in this space, and we are ready for prime time.

Moving on to our engineering businesses, in the Praj GenX business, our world-class Mangalore facility is now approved by 18 international customers. We have signed four framework agreements that have been operationalized. These opportunities are for large equipment and modular projects in traditional markets such as oil and gas, fertilizers, LNG, and others. Precision fabrication for data centers is also emerging as a growth opportunity in international as well as domestic markets.

For our ZLD and PHS businesses, the conventional business is progressing steadily. We see some new markets opening up and offering opportunities in the manufacturing of batteries, semiconductors, and solar cells. Praj has the portfolio to offer both the requirement for ultra-high-purity water as well as wastewater treatment with a zero-liquid-discharge, or ZLD, facility mandated by law.

Overall, we believe the business environment is challenging but improving. We are able to demonstrate resilience and continue to invest in future business growth simultaneously. We will continue to focus on execution rigor while leveraging new opportunities on the horizon.

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

Sachin Raole - Joint Managing Director & Chief Financial Officer: Thank you, Ashish. Good day, everyone. Let me take you through the financial highlights for the quarter and half year ended September 30, 2026.

The consolidated income from operations stood at rupees 8.49 billion in Q2 FY27, as compared to 8.42 billion in Q2 of the last year. PBT stood at rupees 361 million in Q2 FY27, as compared to 296 million in Q2 of last year. Similarly, profit after tax stood at rupees 20 231 million in Q2 FY27, as compared to 192 million in Q2 of last year.

For H1 FY27, income from operations was rupees 16.6 billion, as against 14.8 billion. PBT stood at rupees 571 million in H1 FY27, as against 392 million in H1 FY26. PAT was rupees 347 million in H1 FY27, as against 246.2 million in H1 FY26.

Export revenues accounted for 38%. Of the total revenues, 69% came from bioenergy, 21% from energy engineering, and 10% from the PHS business.

Order intake during the quarter was 7.15 billion, with 62% from domestic markets and 38% from international markets. Out of the total order intake, 57% came from bioenergy, 26% from engineering, and the balance 17% from the PHS business.

The order backlog as of September 2026 was rupees 44.6 billion, comprising 63% domestic orders.

Cash in hand as of September 30 was 5.33 billion.

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I now conclude my remarks, and I would like to thank you all for joining us on this call. I wish you a very happy Diwali in advance, and we are now happy to discuss any questions, comments, or suggestions you may have.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question, please press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Atul Tiwari from JP Morgan. Please go ahead.

Atul Tiwari – JP Morgan: Thank you very much. My question is on some more concrete color regarding the order inflow outlook. The order intake this quarter was just about 7.1 billion, which was on the weaker side. But even if we look at the past 12 months, it is about 33 billion rupees. So, the question is whether it can sustain at this level, given what is happening in the environment, and whether it can grow further. First, on the sustenance part, will we be able to maintain order inflows around this level? What is the confidence around that? And what is the chance that we can grow by at least 10-15% next year on this base?

Ashish Gaikwad – Managing Director: Thank you for your question. Yes, I think we have an opportunity to do better on order bookings. You mentioned the numbers, so I will not repeat them. But we do see opportunities developing in the second half of this year. There are three specific areas that I would like to highlight for the audience.

The first one is, of course, CBG, where opportunities are developing. We need to see which of these we can convert, but this is a growth area.

The second is the international market. I alluded to this point in my opening remarks. We are not only looking at the ethanol market in India, but are also looking at global markets and specific areas where blending mandates are coming up and, therefore, opportunities are developing for ethanol.

The third, which we again mentioned in the opening remarks, is the developing pipeline for our GenX business for equipment and modules. When you look at these three specific areas, we believe that we should be able to see better order bookings in the second half of the year.

Atul Tiwari – JP Morgan: Good to know. On the GenX business, it is good to know that the facility has been approved by 18 customers and so on, but can you give us any color on when we can see orders starting to trickle down? Are we a few quarters or a few months away from these approvals starting to translate into orders for us?

Ashish Gaikwad – Managing Director: I think we should certainly start seeing orders trickling in from the next quarter onwards. Of course, the conversion of these orders into revenue has a certain cycle time. Some of these are long-cycle orders. First, one has to do the engineering, and then one has to convert that engineering into the actual factory-built modules and equipment. So, the effect [trails off]

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Ashish Gaikwad – Managing Director: The effect of this on the top line or revenue may be seen in the last quarter of this year and thereafter. But we will start seeing some of the effects for GenX in Q3 and Q4.

Atul Tiwari – JP Morgan: Okay. My last question is on the margin profile. It is good to see your margins rebounding from a very low level a few quarters ago. But at the EBITDA level, they are still quite a bit below what we saw in FY24 and FY25. So, the similar question is whether, at the current level of EBITDA margins, we have bottomed out and what the chance is of reaching at least a high-single-digit margin over the next couple of years.

Management: Atul, the investment is still continuing in GenX. As I mentioned earlier, GenX revenues are going to start coming in, which will definitely help in improving the EBITDA margin. We will also have to see an improvement in the revenue numbers. Right now, the revenue numbers are lower than what we can expect to be delivered from our side, and that is what we are concentrating on. I think these two elements will definitely help in improving our EBITDA margin going forward.

Atul Tiwari – JP Morgan: Is it fair to say that we are comfortable that, at the margins we saw in this quarter, at approximately 6.2%, we have bottomed out and are unlikely to fall below this level going forward?

Management: That's right. That's right, Atul. We can say that.

Atul Tiwari – JP Morgan: Good to know. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani – PL Capital: Hi, sir. Thank you for taking my question. My first question is again on CBG and [crosstalk]

Management: Amit, can you be a little louder?

Amit Anwani – PL Capital: Is it better, sir?

Management: It is better.

Amit Anwani – PL Capital: My first question was on the CBG side. We have seen earlier that, in whatever CBG projects came up, there were yield or IRR issues, and a few projects across the industry were deferred. What gives us confidence [cut off]

Ashish Gaikwad – Managing Director: Amit, you are still not very audible. Could you bring up your volume a little?

Operator: Mr. Amit Anwani [cut off]

Amit Anwani – PL Capital: Is it better, sir? Is it better? Is it better?

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Ashish Gaikwad – Managing Director: This is much better now, thank you.

Amit Anwani – PL Capital: Sorry, I think there was an issue with the headphones. My first question was on CBG and the current joint venture with BPCL involving 100 crores. What gives us confidence that the margins for these orders will be better than the earlier ones? We have seen a lot of challenges in CBG as a space over the last 2–3 years. There was a lot of hype about this emerging strongly through blending with CNG and so on, but there have been a lot of issues with delays and margins. What gives us confidence, since we are building substantial CBG inflows into our order inflows?

Ashish Gaikwad – Managing Director: I think it is a good question, Amit. First of all, as you may know, we have been working with BPCL on biofuels for some time now. In fact, we have built their biorefinery complex with 1G and 2G ethanol. So, we know the JV partners well and understand their intent to collaborate with Praj. They also believe that Praj has the right technology. The JV for CBG is one more such initiative that we have taken with a known partner. That is the basis of our JV.

We also believe that, in the CBG industry, we need offtake and opportunities to evacuate the CBG produced and distribute it in the overall market. Therefore, we will find ways to work with BPCL on getting value addition from both sides: from Praj in terms of the technology and confidence in the technology, and from BPCL in terms of pushing the CBG produced into the markets. That is how we see this.

Amit Anwani – PL Capital: My second question is on precision fabrication and a few newer opportunities that you highlighted. I think we have been looking at this precision fabrication [crosstalk]

Management: Sorry, Amit, it is a little difficult to understand what you are saying.

Amit Anwani – PL Capital: Is it better, sir?

Operator: Mr. Amit Anwani, if you are connected through Bluetooth or any other device, can you please switch to handset mode?

Amit Anwani – PL Capital: I think there is a line issue. Is it better now?

Management: Yes.

Amit Anwani – PL Capital: My second question was on precision fabrication for data centers. We have already received one order. Can you give us any color on whether we are in touch with a few more customers and how much precision fabrication will represent in overall data center capex? For us, what exactly will this involve? Is there scope for the total addressable market to increase for you, either by adding customers or by adding a few more precision fabrication areas within the data center? That is my question.

Ashish Gaikwad – Managing Director: The short answer is that the opportunity with the existing customer itself is fairly significant. But we are also in touch with other customers for similar requirements. Of course, we want to broaden it and not work with just one customer. But the way we see this right now is that, even with the existing customer who has committed a certain number

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of jobs to us, the opportunity itself is significant enough to start with. While we execute on that over the next few quarters, as you will see, we are also engaging with new customers for similar requirements.

Amit Anwani – PL Capital: Lastly, in GenX, what kind of fixed expenses might we have booked in H1? That is my last question. Thank you.

Management: If you look only at the operating expenses, they should be somewhere around 25–30 crores, excluding interest and depreciation. If you add those, then that will be another 40–45 crores or so. I am just giving you a ballpark number.

Amit Anwani – PL Capital: Thank you, sir. Thank you, and all the best.

Ashish Gaikwad – Managing Director: Thank you, Amit.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Rehan Sayed from Trinetra Asset Management. Please go ahead. Mr. Rehan Sayed, please go ahead with your question. Your line is unmuted. Mr. Sayed, may we request you to go ahead with your question? As there is no response, we will move to the next participant.

The next question is from the line of Shailesh Kanani from Asian Markets Securities. Please go ahead.

Shailesh Kanani – Asian Markets Securities: Good afternoon, everyone, and thank you for the opportunity. My first question is with respect to GenX, in continuation of what was discussed earlier. We have seen a consistent increase in the number of customers in terms of approvals and audits. Are we maintaining our earlier guidance or commentary that we would have order inflows in the range of 800–1,000 crores for FY27 and achieve breakeven in FY27, which would mean EBITDA of approximately 120 crores? Are we maintaining that? Are we on track with that commentary, or is there any delay? Please update us on that. Also, with respect to the data center order during the quarter, is it the same order or an extension of that order, or is it a new order? Can you quantify that? That is my first question.

Management: Shailesh, let me answer your questions in reverse order. The order we received in this quarter is an extension of the earlier one. We had mentioned that we have an arrangement or tie-up of almost $52 million to be delivered over a period of 2.5 years, and every quarter we will continue to receive part of those orders. That is what happened in this quarter as well. So, yes, this is an order extension of the earlier one—or I will not call it an extension. It is from the same customer, as an agreement has been entered into with that customer.

Regarding how we are faring on the numbers we had earlier indicated, I think we are going to be absolutely on track with the order booking we had envisaged and mentioned earlier. We are going to achieve that kind of order booking for this financial year. We will have to see the revenue because some of the orders are on the fast track, while some of the orders will require a longer delivery cycle. We will see how delivery on the revenue side takes place. But I think we will remain somewhere in the range we had indicated earlier. The numbers will not be too far off the mark from

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what we indicated earlier.

On the cost front, the numbers are more or less again in the same range. We will have to see whether the ramp-up happens in the third or fourth quarter on the execution side. If we have to initiate additional sheds from the delivery point of view, then we might incur some cost because currently we are operating only through two sheds and not all the sheds. But once the quantum increases in the third or fourth quarter, we might have to start working in the other sheds as well. That may add some cost, but I would not consider that cost a fixed cost right now. We can consider it a variable cost because it will generate corresponding revenue along with it.

Shailesh Kanani – Asian Markets Securities: Just to circle back and complete this point, can we quantify the data center order inflow for this quarter?

Management: [laughs] I would not like to, because we have a very tight confidentiality agreement with this customer from whom we have received the orders.

Shailesh Kanani – Asian Markets Securities: I understand that. My second question is with respect to strategy. Praj has historically always been conservative in terms of investment, and it has always had an asset-light business model. What are we trying to do by becoming an asset owner in the CBG space? How should we read this? In other words, how are we signaling to the market and to customers that CBG is a viable product and a viable option? How should we think about this overall, in the short and medium term? For many years, we have known that CBG is a big and great opportunity, but there have continually been challenges, which we have discussed multiple times in the past. Finally, we are committing equity towards it. As investors, how should we think about it?

Ashish Gaikwad – Managing Director: There were some challenges when CBG was launched earlier under the SATAT scheme. In Gobar-Dhan, most people in the ecosystem think that those challenges have been taken care of. What we are saying is that, firstly, the government has clearly announced a certain offtake price. They have given a guarantee of the offtake. They have also clearly specified which feedstocks will be considered under the scheme. So, firstly, there is a lot of clarity, and that is certainly helpful when people want to invest in CBG.

The second thing that we from Praj are promoting is the success of the technology itself. For example, when you look at press mud, which is one of the feedstocks used to convert into biogas, we possibly have the best technology that has been proven not just for one year, but for multiple years. The plants have been consistently producing biogas. In fact, just to give you some statistics, about 5,000 tonnes per day of CBG over 500 days is what we have produced so far. Recently, our plant at one of our customer's locations also won the best-operated plant of the year. The reason I am sharing all of this with you and the audience is that, while there were many players who flocked into this opportunity, it is important [cut off]

Management: ...to have credibility in the technology, and that is what Praj brings.

Secondly, we are not only looking at compressed biogas as one product out of any complex. We are also looking at the valorization of the fermented organic manure that comes out of these plants. For bio-based plants that are essentially biomass-based, such as rice straw or Napier, we also have the technology to convert or create a co-product called bio-bitumen.

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When you look at a CBG plant that has all these kinds of designed facilities, the ROI for the investment becomes much more attractive. Therefore, that is the differentiation that Praj is bringing, which we will offer to our customers and also through the BPCL JV to prospective producers.

That is what I would like to share with you based on your question.

Shailesh Kanani – Asian Markets Securities: To conclude on this, what is the potential total addressable market that we see here in the medium and long term?

Management: I think it will be in thousands of crores if we go by the number of CBG plants that will come up over the next 5-10 years. There is a large available market right now.

The trick will be to demonstrate the success of the plant, obtain feedstock availability for 12 months of the year so that the plant runs continuously, and therefore establish the ecosystem properly, including the pipeline that needs to be available for evacuating the gas produced in the CBG plants.

This is the overall situation that will develop over a period of time. Therefore, the total addressable market you asked about, which is in thousands of crores, will take several years to become a realized opportunity.

Shailesh Kanani – Asian Markets Securities: That is helpful. If I can squeeze in one more question, in your opening remarks you talked about isobutanol and various testing activities. In terms of the time frame, where do you think this technology is in terms of testing and other activities? How much time does it normally take, in your experience?

Management: I can speak about the technology and the time required to develop it. Praj has been working on this technology for several years now. This is not a technology that can be developed in one year or in a short period of time.

For us, this is an effort towards helping our nation bring one more biofuel that can be blended into diesel. As you know, crude prices are fluctuating significantly, and today they are above 115 dollars per barrel. To help with energy security and affordability, Praj is working towards finding solutions. This is one solution about which we are quite optimistic.

For building the plant and testing the commercialization and scale-up of bio-isobutanol, I think we should be able to demonstrate that by the beginning of next year.

However, in parallel, other government agencies are also testing various blending proportions into diesel using different diesel-based vehicles and engines. Those test results will also be tested in parallel, and we are waiting for those results.

Overall, we remain optimistic, but we do not control the policy or the blending mandates. We are therefore one of several stakeholders working to ensure that we obtain a biofuel that is viable and can be blended into diesel, because diesel is a large market in India.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants, we request you to limit your questions to two per participant. The

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next question is from the line of Aditya Mongia from Kotak Institutional Equities. Please go ahead.

Aditya Mongia – Kotak Institutional Equities: Thank you for the opportunity. I have two questions. The first is on the CBG joint venture. Can we conclude that, given the 100 crore investment from your side, which will then be matched and leveraged, there could be an ordering opportunity in the 500-600 crore range from CBG over the next 12 months? In that context, have these projects already been identified?

Management: Aditya, the board has given us in-principle approval for setting up this JV. We believe that the JV should be set up over the next 2-3 months. After that, the actual execution work can start.

As we mentioned earlier, we are focusing on very specific feedstocks and not all kinds of feedstocks. We are in touch with the relevant parties that can supply the feedstock to us. So, yes, we have already shortlisted a few projects that can come under the scope of this JV.

Once we finalize and formalize the JV and incorporate it, the actual work can start. I think it should take another 3 months to get this JV activated.

The identification of projects has already happened. If we actually invest up to 100 crores and BPCL invests another 100 crores, then, looking at the debt-equity proportion, the number of projects can go up to 8-10, depending on the sizes of those plants. There is a great opportunity for this to materialize over the next year.

Aditya Mongia – Kotak Institutional Equities: My second question is about the pipeline. The company and order inflows are an important subject for investors, and you have talked about the international pipeline being approximately 1,000 crores. Could you give us a sense, across the business verticals, of the opportunity pipeline for the next 6-12 months and how it compares year-on-year with where things were last year?

Management: The international opportunity Ashish was talking about is mainly on the bioenergy side. That is mainly being driven by a couple of factors. One is definitely the ethanol blending mandates that are increasing across the globe. The second is the way countries are looking for self-sufficiency on the energy side, which is also driving the increase in blending mandates elsewhere.

That is one major element that will contribute. To answer your question, the business segment or vertical is mainly going to be on the bioenergy side. We are not mixing the numbers. The numbers he mentioned are not from the GenX side. GenX will be on top of that.

Aditya Mongia – Kotak Institutional Equities: On GenX, could you give us a sense of whether there is enough visibility of a PBT breakeven over the next 12 months, given the orders at hand? If not, by when do you see visibility in terms of order inflows coming your way?

Management: Aditya, I can assure you that within the next 12 months, based on the order inflows that are happening, we will definitely reach that breakeven point. Earlier, the target was from an earlier point of view, but if you are giving us a 12-month time horizon, the order inflows give us the confidence that we can reach that breakeven point.

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Aditya Mongia – Kotak Institutional Equities: Understood. All the very best to the team, and thank you for the responses.

Management: Thank you, Aditya.

Management: Thank you.

Operator: Thank you. The next question is from the line of Shantanu from Oaklane Capital. Please go ahead.

Shantanu – Oaklane Capital: Thank you for taking my question. I have two questions. First, of the 100 crore CBG JV, how much could it translate into orders for Praj, and over what time period are you expecting to execute it?

The second question is on the GenX side. Could you give us some granularity on the data center order that we have at hand? What kind of product are we supplying, and are there any other products where Praj could contribute materially in a data center?

Management: I think [trails off]

Management: Yes, go ahead. Go ahead.

Management: Sachin just answered your question on the JV. He gave an indication that if both parties, BPCL and Praj, bring in about 100 crores each, we will be able to build about 10 plants. Plant capacities can vary, and depending on the capacity we are talking about, for a theoretical 10-plant investment, the overall capex required could be in the range of about 800–1,000 crores. This will happen over a period of time.

On the data centers, we are essentially doing two things. First, we are providing the frames required to host the servers that go into data centers. That is where precision fabrication is required because these are all modular, and they need to fit into each other for quick installation of data centers.

Second, as you all know, data centers generate a lot of heat and need a cooling system. The piping for such a cooling system involves complex fabrication and also requires a certain level of skill. This is the other area that we are developing for hyperscaler data centers. That is exactly where we are working.

Shantanu – Oaklane Capital: Thank you so much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Manish Goyal from Thinkwise Wealth Managers. Please go ahead.

Manish Goyal – Thinkwise Wealth Managers: Thank you very much, sir. I have a couple of questions. First, I want to clarify the PBT breakeven for the GenX facility. We were probably under the impression that the fixed cost at GenX was roughly 110–120 crores and that it would require 500 crores of revenue for breakeven. But Mr. Sachin gave a figure of 45 crores including interest and depreciation, which implies that at the PBT level we would require approximately 180 crores for

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breakeven. To achieve that number, what kind of revenues would we require? Would it really be possible within the next 12 months?

Management: Manish, the number is 180? I do not know where you got that number from. The number is not going to be 180 crores including depreciation, interest, and other expenses. The total should be somewhere around 140–150 crores for the current year because revenue is now being accounted for and the activities are underway. So, that number is going to be in that range.

If we have to achieve breakeven after covering 150 crores including interest and depreciation, and not at the EBITDA level, the turnover should be somewhere around 500–600 crores, depending on the jobs we will be doing there. We will be doing three kinds of jobs in GenX. One is equipment, another is modules, and the third is data centers. The number will be a composition of these three, and it should be in the range of 500–600 crores.

The earlier question was whether we would achieve that within the next 12 months. The answer is yes. Given the way order inflows are happening and are expected to happen in H2, we have visibility that we will be able to deliver a figure of approximately 500 crores or 600 crores over the next 12 months.

Manish Goyal – Thinkwise Wealth Managers: Earlier, you said that the fixed cost was 25–30 crores per quarter and that, including interest and depreciation, it was 45 crores for the quarter. That is why I arrived at the 180 crore number.

Management: No, okay.

Manish Goyal – Thinkwise Wealth Managers: So, perhaps you are already generating some revenue that gives you 30–40 crores. Is that what you are trying to say?

Management: That's right. That's right. That's right.

Manish Goyal – Thinkwise Wealth Managers: This next 12-month period starts from Q3 and runs over the next 12 months, right, sir?

Management: Yes, that's right.

Manish Goyal – Thinkwise Wealth Managers: Earlier, regarding the investments we have made at GenX, you said that we have two sheds ready and that, if volumes pick up, we may require another shed. Could you clarify what incremental capex would then be required and how we should look at it?

Management: Technically, capex for all the sheds has already been incurred. We have a total of seven sheds there, and the sheds are ready. Two sheds are equipped with plant and machinery as well as cranes. If we had to activate another [trails off]

Sachin Raole – Joint Managing Director & Chief Financial Officer: Other sheds may require a few pieces of equipment or some plant, but not major capex, which we are envisaging for activating them, because they will be used for building the modules in those sheds. As the number of modules increases, we will have to start using the additional sheds. That was the only point I was making in

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my earlier comment.

Manish Goyal – Thinkwise Wealth Managers: Okay, got it. One more thing: interest and depreciation appear to have stabilized. The lease period we had entered into was for 5 years. When do you think that will end and when should this number, meaning interest and depreciation, start declining?

Sachin Raole – Joint Managing Director & Chief Financial Officer: The lease is for 10 years. It is a long-term lease. This lease is contributing significantly because, under the accounting standard, the lease rental is divided between interest and depreciation. That situation will continue for the next 7 years because we have just completed 3 years in that facility.

Operator: Sorry to interrupt. May we request Mr. Goyal to please rejoin the queue? The next question is from the line of Raj, as an individual investor. Please go ahead.

Raj – Individual Investor: {? Hukumchandji is there, right? Yes. Do mine for me, please. ?}

Operator: Mr. Raj, please go ahead with your question. Your line is unmuted. As there is no response, we will move to the next question, which is from the line of Ketan Atchheda, an individual investor. Please go ahead.

Ketan Atchheda – Individual Investor: Hi. Thank you for the opportunity. I would like to ask a question on the [trails off]

Operator: [crosstalk] Sorry to interrupt you, Mr. Atchheda, but your voice is not sounding clear. If you are on any device, please connect through handset mode and speak.

Ketan Atchheda – Individual Investor: Is this better? Hello?

Operator: It is sounding very low, sir.

Ketan Atchheda – Individual Investor: How about now?

Operator: Yes, please go ahead.

Ketan Atchheda – Individual Investor: My question is regarding the BPCL JV. I have seen that BPCL has also given orders to some other company for CBG plants. I would like to understand the difference between our structure and the other structure, because there also the BPCL orders are actually for 5 years, which include EPC and O&M—5 years, 10 years. Could you help us understand the difference in the structure, if you know?

Sachin Raole – Joint Managing Director & Chief Financial Officer: These OMCs are putting up multiple plants, and that is why they are entering into joint ventures with not just one technology player but multiple technology players. From a structural point of view, I do not think there will be a major difference because every JV is talking about a 50-50 kind of arrangement. But it completely depends on how the projects are executed under those JVs and what kind of feedstock or arrangement is made with the feedstock supplier. That project-level structuring may be completely different, but at the JV level it is a 50-50 JV.

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Ketan Atchheda – Individual Investor: In terms of the revenue model for these projects, please help me understand. Are we going to realize the revenues from all the sales of the gas and other products that we generate from these plants? Is that how it will work?

Sachin Raole – Joint Managing Director & Chief Financial Officer: The revenue model will have two legs. One will be directly within Praj for executing the projects, and the other will be at the project level, where the project will sell the gas. That will be captured at the JV level. It will not be at the Praj level, but at the JV level.

Ketan Atchheda – Individual Investor: During the EPC phase, from an accounting perspective, would these be considered contract revenues, and would you also expense them out in proportion to our holding in the JV?

Sachin Raole – Joint Managing Director & Chief Financial Officer: It will appear as an investment. That's right.

Ketan Atchheda – Individual Investor: Thank you so much. I wish you all the best.

Sachin Raole – Joint Managing Director & Chief Financial Officer: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Bharat Seth from Quest Investment Managers. Please go ahead.

Bharat Seth – Quest Investment Managers: Thank you for the opportunity, Ashish and Sachin. Regarding this JV, what timeline are we looking at for those plants to be executed, and what kind of ROI do we expect in the first year or perhaps over the next 5 years?

Sachin Raole – Joint Managing Director & Chief Financial Officer: [pause] Let me give you the complete story on the JV. We expect 8-10 plants to come up. Naturally, all of them will not come up at once. We will start one by one, and we will experience what happens when we begin setting up the first or second plant. We will gain an understanding and experience of building and operating those plants.

Over the next 2-3 years, I believe these plants should come up—3 years at least. The execution cycle for one project will be not less than 12 months. Therefore, the first project will actually begin commercial production after 15 months. As I said, the first 3 months will be for setting up or incorporating the JV. After that, it will take 12 months for the first plant to come up. Simultaneously, we will work on other plants as well, depending on the experience we gain from the first plant.

From a revenue point of view, I had mentioned earlier that there will be two legs of revenue. One will be contract revenue, and the other will be project revenue. Regarding the ROI, based on the current Gobar-Dhan policy—I am now talking about a project—the policy provides very attractive pricing for CBG. Even if you do not consider any revenue from the bio-manure that will come out of these plants, the economics still looks quite positive and attractive because of the consistency expected from our technology in producing the gas, and because of the assured offtake by the OMCs and GAIL, which will be taking this gas. The economics is definitely positive on that front. That is why we decided to go ahead with this proposal of entering into a JV and owning the project.

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Bharat Seth – Quest Investment Managers: As Ashish alluded to earlier, will this also produce bio-bitumen, or as I was saying, [trails off]

Ashish Gaikwad – Managing Director: What I said was that, depending on which feedstock we use to produce CBG, we can have more products that can be valorized. If we use rice straw or Napier grass as the feedstock for the plant, then there is definitely an opportunity to convert some of the by-products into bio-bitumen. We believe that this is the differentiation Praj can bring and that it can help generate a better ROI from the plant.

Bharat Seth – Quest Investment Managers: Does this mean that our investment, whenever it materializes, can attract other investors who are currently hesitant to invest in bio-CNG?

Ashish Gaikwad – Managing Director: [pause] Sorry, we did not catch your question. Could you [cut off]

Bharat Seth – Quest Investment Managers: How can the success of this plant attract other players? There are currently a lot of questions about the prior policy, and we are not seeing much traction on the ground under this policy. Is that a fair understanding?

Ashish Gaikwad – Managing Director: This is a renewed policy compared with the previous one, and we believe that, based on the text of the policy right now, there is excitement in the market. We see that in our opportunity pipeline as well. A few successes through this policy will certainly attract more investments.

Bharat Seth – Quest Investment Managers: To give some color on the whole ecosystem, what is the major bottleneck to the successful operation of bio-CNG throughout the year? How do we see that aspect?

Ashish Gaikwad – Managing Director: The reality is that we need to ensure year-round feedstock availability for any type of CBG plant. Therefore, it is important to design a plant not just for one type of feedstock, but one that can process multiple types of feedstock. That is what Praj is able to do. We can process multiple types of feedstock through the same plant asset. This will give CBG plants year-round operating capability.

Bharat Seth – Quest Investment Managers: Is it fair to understand that whatever investment we make will be in a multi-feedstock plant?

Ashish Gaikwad – Managing Director: That is our endeavor. Of course, we have not yet started the JV plants, if you are asking about the JV. But we already have existing plants that are taking multiple types of feedstocks.

Bharat Seth – Quest Investment Managers: Thank you, and all the best.

Ashish Gaikwad – Managing Director: Thank you.

Operator: Thank you. The next question is from the line of Pradyush Jha, an individual investor. Please go ahead.

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Pradyush Jha – Individual Investor: Thank you, ma'am. Most of my questions related to CBG have already been answered. I would like to ask about an announcement from a couple of quarters ago. In November 2024, your Chairman, Dr. Pramod Chaudhari, outlined an ambition to grow annual revenue to approximately 10,000 crores by 2030, with exports increasing to approximately 50% of revenue. Can management please update investors on the progress against this target and on the current revenue trajectory required to achieve it?

Ashish Gaikwad – Managing Director: Thank you, Pradyush, for the question. First of all, we believe that we can still achieve the vision communicated by our Chairman in November 2024, which you mentioned. What has happened, though, is that some of the inflection points we had assumed in our journey have been delayed. They have not been cancelled, but they have been delayed. We believe that we should be able to reach similar revenue goals for FY30 through a few different strategies that we will bring into our mix.

For example, in GenX, we are also trying to include data centers, which were not part of the earlier plan, and that gives us a growth opportunity. Similarly, the international markets we discussed earlier can provide more opportunities for growth. Thirdly, we have just discussed CBG and bio-IBA as some of the new areas that can add to that growth.

To make the long answer short, we would like to continue marching towards the same vision that was communicated to investors in the past. It may be slightly delayed depending on the order books that we realize during this journey, but our direction and ambition remain steadfast.

Pradyush Jha – Individual Investor: Thank you, sir.

Operator: Thank you. The next question is from the line of P. Jha, an individual investor. Please go ahead.

P. Jha – Individual Investor: Thank you for taking my call. I am quite excited about CBG. What I understood from the conversation so far is that there are two things that distinguish it: first, the bitumen, and second, the feedstock. So, [cut off]

Sachin Raole – Joint Managing Director & Chief Financial Officer: [crosstalk] Sorry, Mr. Jha. We are not able to hear you properly. We did not get your first question.

P. Jha – Individual Investor: I will ask only one question about the CBG joint venture. What distinguishes you is the isobutanol and the multi-feedstock capability. This is what I understood. These are significant advantages. It is additional revenue that comes to your account as well as to BPCL's account. Then why is BPCL entering into joint ventures with others when you have the unique capacity to deliver better returns?

Ashish Gaikwad – Managing Director: I think the answer to that question, Mr. Jha, is that there is a finite capacity for doing projects with one joint venture, and the ambition for [trails off]

Management: ...oil marketing companies is to have multiple projects come up within a short period of time. So, perhaps I am speaking on their behalf, which I should not, but maybe they want to proceed in parallel with different joint ventures for a larger number of plants. That could be the driver. There is enough capacity. As we said, in our current joint venture we are envisaging 8-10

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plants. BPCL may want to develop 50 plants, and one joint venture may not be sufficient, so they may enter into another joint venture to add to that.

Operator: Thank you very much. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to management for closing comments.

Management: Thank you, everyone, for your time today. In case you have any more questions, feel free to write to us at info@praj.net. Thank you for your time. I wish you a very happy Diwali and look forward to having a conversation with you again. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, on behalf of Praj Industries Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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