

Praj Industries Limited
Q2 & H1FY'26 Earnings Conference Call
November 06, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Praj Industries Limited's Q2 & H1FY'26 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 Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Good afternoon, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Praj Industries Limited. 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 half year ended 2026.

Before we begin, let me mention a short cautionary statement:

Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk 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 the 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 give it over to them for opening remarks. We have with us Mr. Ashish Gaikwad, Managing Director and Mr. Sachin Raole, Chief Financial Officer and Director of Resources.

Without any delay, I now request Mr. Ashish Gaikwad to begin with his opening remarks. Thank you and over to you, sir.

Ashish Gaikwad:

Thank you. Good day, everybody. I welcome you to Praj Industries' earnings call for Quarter 2 and First Half of FY'26. Trust all of you had an opportunity to go through our Results for the quarter and the half year ended on 30th September 2025.

Our financial results in Quarter 2 FY'26 reflect our unwavering focus on execution which enabled us to deliver these results despite continued challenges in the external business environment. There are headwinds, particularly in the domestic ethanol segment and in the international market due to the U.S. tariff scenario.

I will now share updates on each business segment:

On the domestic Bioenergy business front:

As you know, India has achieved its EBP20 target. With the current ethanol production capacity in the country now meeting the EBP20 requirements, the industry needs new avenues for further growth. Additionally, there are some negative news around ethanol blending. However, the key stakeholders in the ethanol ecosystem like MoPNG, ARAI, SIAM, auto OEMs, and oil marketing companies have already come forward and clarified the points that were raised in the public domain. While there are some early signs of slowdown in the ethanol greenfield projects, we are shifting our focus on the lifecycle services and the brownfield opportunities for the installed base. These include plant enhancements, efficiency improvements, and also other co-product additions in the existing plants. On the execution front, existing project execution cycles are getting extended due to funding and some other challenges.

The international bioenergy front:

There is good pipeline of inquiries from the USA for low carbon ethanol projects. These will benefit from the 45Z tax credits. Currently, we are executing our first low carbon ethanol project in the USA, which is expected to get commissioned by end of this fiscal. In Latin America, there are positive policy developments in Panama and Argentina for blending mandates. Apart from America, Indonesia has announced mandates of 10%. Vietnam plans to transit to E20 by 2026. Many countries from Africa region also are keen to either introduce the blending mandates or increase the current mandates.

On the CBG front:

Compressed biogas, we have started executing our first Napier Grass based project. There is a healthy buildup of inquiries of pipeline based on Napier Grass as well as press mud. However, overall market will further pick up once the national grid for gas and its connectivity improves.

In our services business:

There is healthy order booking for performance enhancers and the solutions around it as well as biogenic CO2 capture solutions.

On the sustainable aviation fuel front:

Our alcohol-to-Jet demo plant at Praj Matrix is now operational and has successfully produced SAF from ethanol. This SAF demo plant is the first integrated alcohol-to-Jet fuel plant in the world. This also is first of its kind SAF demo plant that will boost the customer's confidence in both the SAF technology and the commercial scale investment decisions.

Moving on to the engineering businesses:

On the GenX front, energy transition related projects that were announced in the past are either stalled or currently on hold. We were pursuing these projects very actively. Based on our current analysis, it will take some more time to assess the future of these projects. We have taken some definitive steps now to pivot our strategy by targeting varied customer base across different industries and markets. We are focusing on opportunities in oil and gas, piping, structure and conventional oil and gas markets.

Our brewery business is witnessing some revival in the green field markets based on growing demand. On PHS front, there is good traction for solutions for segments of high-capacity fermenters, complex injectables and blood plasma. New opportunities are emerging from sectors like storage batteries, EVs, solar cells and semiconductors in the high purity water segment.

Overall, despite the challenging business environment, we will continue to focus on controllable factors to deliver good performance in the second half of FY'26. I would like to reiterate that we are committed to deliver our long-term growth vision.

With this, I conclude my initial remarks. And I would like to thank you all for joining us on this call. We will now be ready to discuss any questions, comments or suggestions that you may have. Thank you.

But prior to that, I would like to hand it over to our CFO, Mr. Sachin Raole for financial updates.

Sachin Raole:

Thank you, Ashish. Good day everyone. Let me take you through the financial highlights for the quarter and half year ended September 30, 2025.

The consolidated income from operations stood at Rs. 8.42 billion in Q2 of FY'26 as compared to Rs. 8.16 billion in Q2 of last year. PBT stood at Rs. 296.1 million as compared to Rs. 744.4 million in Q2 of FY'25. Similarly, profit after tax stood at Rs. 192.8 million in Q2 of FY'26 as

compared to Rs. 538 million in Q2 of FY'25. The changes in the material cost as compared to the corresponding quarter of last year is lower on account of sales mix. Other expenses as compared to the corresponding quarter of last year are higher because of increased execution activity as Ashish has just mentioned. Under-absorption of fixed cost as GenX has also contributed to some extent in the lower EBITDA for this quarter.

For H1 FY'26, income from operations was Rs. 14.8 billion as compared to Rs. 15.15 billion in H1 of FY'25. Profit before tax before exceptional items stood at Rs. 392 million as compared to Rs. 1.53 billion in H1 of FY'25. PAT of Rs. 246 million in H1 FY'26 as against Rs. 1.38 billion in H1 FY'25. Effective tax rate in consolidated financials is 35% for Q2 of FY'26 and 37% for H1 of FY'26 because the deferred tax asset which we are creating on the losses of Praj GenX is at lower rate as compared to the tax rate of Praj industries. Export revenue accounted for 46% of Q2 in FY'26 and of the total revenue, 64% is from bioenergy, 26% is from engineering business and 10% is from PHS business. The order intake during the quarter was Rs. 8.1 billion with 73% from the domestic market. Of the total order intake, 71% came from bioenergy, 16% from engineering and balance 13% from PHS business. The order backlog as of September 30, 2025 is at Rs. 44.2 billion comprising of 65% of domestic orders. Cash in hand as on September 30th is at Rs. 4.37 billion.

I now conclude my remarks and I would like to thank you all for joining us on this call. We would 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. Our first question comes from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Thank you so much for the opportunity. First question, as you did also highlight in your remarks, the challenges pertaining to GenX. So, one thing we would like to understand, how much was the fixed cost absorption in H1 and Q2? And second, we earlier with a plan that we can achieve Rs. 1,500 crore kind of revenue with the current CAPEX which we have done in GenX, what is the thought, any change there? And also update on the US client inspections, are we now not at all considering or have they completely stalled the projects and which is leading us to look for other industries, as you highlighted, especially oil and gas? And will this change the margins for you, since you are now moving the needle to at least compensate for what is what was expected is not happening. So more color on this front.

Sachin Raole: So the question, first question, Amit was related to the fixed cost. So the fixed cost, which we are incurring in the GenX facility is in and around 8.5 crore to 9 crore per month. During this quarter, there was some absorption, but not the full absorption naturally, because the execution, which is right now happening is at a miniscule scale, because order booking itself is at a miniscule scale over there. Your second question was related to whether we are pursuing any new orders in US market or not? Of course, we are pursuing. It's not that market is completely given up. We are figuring it out ways and means of catering to that market,

irrespective of whatever is the scenario on the tariff. And we are, of course, dealing with few of our customers based out of US, not only in the GenX business, but also in the bioenergy business. So, it is not that US is completely dried out and no business is expected at all from US. It will still remain one of the important market for us to pursue. So definitely, we will be pursuing that market going forward too. Your third question was related to Rs. 1,500 crore turnover. When are we going to get into that kind of a zone from the capacity utilization point of view? And as Ashish was explaining to you in the initial remarks from his side, that we are reorienting our strategy. First, we believed when we started this facility that the opportunity across the globe, not only from US, but also from the European market is going to come majorly from the energy transition as compared to from the fossil fuel or from the traditional energy segment. But over a period of time, we realized that it is not only going to be or rather there will be less reliance on that segment, but a higher reliance is going to be still on the traditional energy or other segments. So, as Ashish was mentioning in his remarks, we are reorienting our strategy to bring those customers, which anyway we were catering to in the earlier avatar of ours in the CPS business from Praj industries, but the focus was not there. So, we are getting those customers also into our focus and changing or bringing those customers also into our fold. Naturally, this change is taking some time because the facility is new. So initially, when the facility inspections and the audits were happening, our first preference, because as I mentioned earlier, it was on the ETCA segment. So naturally, the first set of audits happened from that industry segment and not from the other industry segment, which is right now happening. So, this changeover will take some time and the achievement of this peak capacity will take maybe some more time. So, the plan, the way in which we are looking at got completely shifted by almost by one year. We were expecting something to happen by next year from achieving this kind of a capacity utilization. Maybe we'll have to wait for one more year. So instead of FY'27, we will see this full capacity utilization happening in FY28.

Amit Anwani:

And sir, on collections, I think in Q1 also you did highlight some challenges there. So, what is leading to this challenge? Is it more sustained for the current execution, which is happening? Can you explain more? Because this is second quarter, back-to-back, you highlighted that the challenges with the collections which are happening. So some more color, as to is it medium term, long term, or are we going to solve it immediately, something like that?

Sachin Raole:

Yes. So Amit, we were referring to the challenges regarding the customer's funding arrangement for executing the projects. That projects are not in a position to reach to their financial closure, the way in which it used to happen maybe couple of years back. It is taking more time because the scrutiny has gone up. The equity ask from the project owners has gone up. So, they are taking more time in bringing their equity. So naturally, the debt component is getting a little delayed in arranging. And that is what is putting a pressure on the execution cycle for our projects. We were not talking about our collection is having some kind of a challenge. We were talking about funding arrangement for our projects is taking some time. So that challenge continued during this quarter also. As you are asking a question whether it will

continue going forward also, maybe it will continue for some more time. But during this quarter, we have seen some of the projects which were not moving because of non-arrangement of funding, a couple of projects have actually reached to a financial closure and those projects are coming to execution during this quarter. That is what we were saying that our focus on execution has resulted into performance which we have delivered during this quarter.

Amit Anwani: And lastly, sir, on the inflow for H1 is about 1600 versus 1800. And given the challenges which you highlighted, there it is Gen X, EBP20 is over. How one should think of next 12 months of inflow, medium-term and near-term? What would be the contributors? And are we going to see, obviously this year is challenging, at least some double-digit growth in inflows next year again. Are we going to come back next year to some color on the near to medium-term inflows? And from where are we expecting the contribution there?

Ashish Gaikwad: Sure, Amit. So, like we said, the recovery is going to be there, but it is going to be slow. And therefore, the discussion we had on pivoting for GenX definitely is one of our actions that should result into uptick in the next financial year, the question that you are asking. Also, bear in mind that Praj also has a very diversified portfolio which helps us in such situations. We have the portfolio for industrial effluent treatment and zero liquid discharge. That is certainly a market in India. We also have the pharma portfolio. We are active in the ultra-pure water market. The brewery is also showing signs of growth. So, all of this portfolio that we have in Praj is going to help us in that recovery path for the next year.

Amit Anwani: Any guidance for FY'26 revenue growth and EBITDA margin?

Sachin Raole: We do not give any guidance. That is the policy which we have. We do not give any guidance.

Amit Anwani: Thank you for answering, sir. All the best.

Sachin Raole: Thank you, Amit.

Moderator: Thank you. The next question comes from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Thank you for the opportunity. First question is on the PHS, high purity segment, that is, we were aiming for, we are still targeting the high-end production capability industries, things like lithium-ion battery production, semiconductor manufacturers. So, what are the primary technical hurdles encountered to meet these very stringent standards? I mean, and what is the current status of the expectations, the discussions purely around lithium-ion battery production and semiconductors?

Ashish Gaikwad:

Thanks, Sajal, for your question. The first point that you mentioned is on the high-capacity fermenters or some specialized manufacturing in the pharma. We actually don't have any challenges there. We have the technology. We have the wherewithal to manufacture these specialized fermenters. And in fact, our pipeline for that segment is really in a healthy situation right now. As far as some of the new segments for the ultra-pure water, which are opening up, and I mentioned a few earlier, it will be in the area of semiconductors, solar panel manufacturing and also in the battery manufacturing. There, the market is just developing. It is a new market for India because these industries have not been prevalent in India. As you know, we have already got a strong presence in the pharma market, which also needs ultra-pure water for injectables. The technology is very similar but has a different scale. And we will be working on scaling it up. It's not a challenge, but it's an opportunity for us to leverage our expertise in that area. I hope that answers your question.

Sajal Kapoor:

No, that's helpful. There are many elements within Praj. Praj Matrix is a collection of many things other than bioenergy. I know the largest cash flow contribution is still coming from 2G ethanol and bioenergy. But we have spoken about, in our annual report, the bio-bitumen opportunity with or without CBG. We have also spoken about how different our ZLD technology is. So one question, especially on our ZLD technology, because there is competition. There is Triveni, there are many players in this segment. How does Praj's modular state-based ZLD technology create a competitive advantage in winning industrial contracts, especially for clients with stringent timelines and limited installation space? And what differentiates Praj's solution on critical metrics, things like energy efficiency and water recovery rates from competitors in this increasingly important market, the ZLD?

Ashish Gaikwad:

Yes. So, Sajal, I think you had initially asked about the Praj Matrix. So, I'll throw some light on that for everybody's benefit. And then we will come to the ZLD technology as well. So first of all, as you know, Praj is a technology innovation-driven company. We keep innovating and bringing new products in the field of industrial biotechnology. And mostly the focus is on the biofuels, advanced biofuels included, and also the biomaterials. So, this forms what we call as Praj's bio-verse or the universe where we produce things from the biological sources and therefore try to help in the actions around climate change. And to do that, we need a very vibrant and very effective R&D setup. And that is what is Praj Matrix for us and we leverage that for not only the existing technologies and enhancing them, but also introducing the new ones in the future. We call it as the seed planting. And when we sow the seeds of these new technologies, they become saplings in a few years' time and then become a full-fledged tree where we can reap the fruits. So that's the whole model that we follow as far as Praj is concerned.

Coming back to the specific technology that you touched upon, which is ZLD, of course, there is competition. Competition is not bad at all. That keeps everybody on the toes. And we have a very special focus on specific industrial waste treatment in metals, minerals, and mining. We also have done the country's largest project in Indian Oil in a place called Dumad, which is

already operational. And the specialty that Praj brings to the market is the project execution capability. We have a very strong project execution capability track record. And also, we can not only just execute the project, but afterwards when the plant is installed, we can provide the operations and maintenance services which are required by the customer because these are special operations. So, when we bring this entire package to the market, there is a strong presence and therefore preference that Praj can generate.

Sajal Kapoor: That's very helpful. Thank you so much for all your responses. Thank you.

Ashish Gaikwad: Thank you.

Moderator: Thank you. Our next question comes from the line of Amitoj Singh from 360 One Capital. Please go ahead.

Amitoj Singh: Hi, sir. Thank you for taking my question. My first question was on the engineering segment. We can see in this quarter, the order intake has been higher year-on-year as well as quarter-on-quarter. So, was this a result of GenX facility taking in more orders as we are pivoting towards conventional industries?

Sachin Raole: Yes, that's right. So, in engineering, the shift we have seen that the reduced orders coming up on the mainly critical equipment side and that was also a part of our orientation because the earlier orders used to come into our other manufacturing facility and now we are shifting into the new one. So, during the shifting, some orders which we had not taken on our earlier facility, that is what the change which we are seeing in the shifting by engineering orders that you are seeing this quarter.

Amitoj Singh: Okay, got it. Thank you. And my next question was on the US order that we took, \$30 million MVR order. Can you tell what is the largest volume share of this order and under which segment will this be recorded? I'm assuming it will be recorded in the GenX facility.

Sachin Raole: Okay, so this order is mainly from the bioenergy segment for providing a technological solution from our side. I will not be in a position because of our confidentiality with our customers, specific order value for this, even though they declared the full value of this project. But we have a sizable role to play in that because we are providing not only technology but the critical equipment which are required for the technology. Unfortunately, I will not be able to give a specific number to this because of confidentiality.

Amitoj Singh: Got it, sir. Thank you. That's all my questions.

Sachin Raole: Thank you.

Moderator: Thank you very much. Our next question comes from the line of Sani Vishe from Axis Securities. Please go ahead.

Sani Vishe: Thanks for taking my question. This is kind of a follow-up on what Amit asked. So, in terms of the GenX alternate avenues that we are looking for, is there any visibility for the next two quarters, anything concrete development in the other areas that we are looking at?

Sachin Raole: Okay, so this visibility is on the basis of the number of audits and the agreements which we are right now entering into with our customers which are completely coming from a different segment than the earlier segment which we are trying to cater to. So, in the earlier segment, we had almost completed more than 10 audits. The framework agreements were also ranging from 3 to 4 kind of a number from earlier segments. And now in new segment, we are almost completed four audits in the new facility for our customers. So that's the indication. This is like a first step to get into the order booking to happen, which we believe that we should start seeing that kind of visibility coming from Quarter 3 and Quarter 4.

Sani Vishe: Okay, fair enough. And finally, sir, given that there have been some delays in terms of growth that we had expected for 2026 and 2027, do you think we may have to revisit our vision 2030 or at some point of maybe delayed by some extended timeline?

Ashish Gaikwad: Of course, we will have to revisit the path, but I don't think our vision has changed, just to make sure that it is clear. We are absolutely steadfast on the path as far as our new and diversified product portfolio is concerned. And we will continue to therefore work on the new emerging areas like the sustainable emission fuel, the bioplastics, the bio-bitumen that was mentioned earlier. We of course, also are developing our compressed biogas market with different feeds. So, there is a whole host of different activities that will help us. Also, not to mention that the blended possibilities in the petrol are already underway, but there is a larger opportunity for blending in diesel, and the alcohol blending in diesel is another opportunity that will happen on that horizon that we are talking about. So, there is a lot to expect in the time to come. That's what I would like to share with you.

Sani Vishe: Okay, so it's still doable, is what you mean?

Ashish Gaikwad: Yes, we are extremely excited about it.

Sani Vishe: Okay, thank you.

Moderator: Thank you. And our next question comes from the line of Atul Tiwari from J.P. Morgan. Please go ahead.

Atul Tiwari: Yes, my question is on the possibility of enhanced mandate for blending of bioethanol. So, any color on where we are in that process, both for the petroleum products and diesel?

Ashish Gaikwad: Maybe I'll take a shot at it, Atul. Thanks for the question. First of all, let's establish that while I briefly mentioned about some of the negative sentiments in the market, but all the key

agencies, government agencies included, have come up very strongly with facts and figures and provided the rebuttal for all those points raised in the public media. And therefore, ethanol for us is certainly a good fuel to have for the country. It helps farmers. It helps in becoming more energy self-reliant. It helps in bringing down our foreign exchange spend. It helps in reducing pollution. It also therefore helps in making a pathway for other high-value fuels like aviation turbine fuel when you convert it into SAF. So, we remain quite optimistic about medium to long-term outlook of ethanol getting due attention in the time to come. We don't have any insights about the blending mandates to go from the current levels of 20% to higher in the immediate future. We don't know about it, if it is happening. But in the medium to long term, if we have to share our thoughts, we are absolutely very confident that we will have that.

Atul Tiwari: Okay. And sir, any update on, I think the technical trials were on for blending in diesel. So, any update on that?

Ashish Gaikwad: Yes. So, the diesel blending is going to be a little different than the petrol blending. The component that needs to go in there is isobutanol, not ethanol. Praj has the technology to produce isobutanol at scale. The trials are currently being planned along with the oil marketing companies and other relevant agencies who are experts in this area like ARAI. Praj is a pretty strong participant in all this set of actions which is going on as we speak. And once those results are looked at, validated, it can open up the opportunities for diesel blending as well. And also, as you know, the diesel consumption in the country is at least 2.5x to 3x more because of the transport sector usage. That opportunity can be larger than the EBP20.

Atul Tiwari: And sir, just some color on this isobutanol technology. So, the feedstock is same as ethanol, right?

Ashish Gaikwad: Yes. The feedstock is the same for making isobutanol as well.

Atul Tiwari: Okay. Thank you.

Ashish Gaikwad: Thank you.

Moderator: Thank you. Our next question comes from the line of Shivkumar Prajapati from Ambit Investment Advisors. Please go ahead.

Shivkumar Prajapati: Thanks for taking my question. So, my first question is on the other expenses part. I believe, including the losses from GenX as well, but still the other expenses are quite high for the quarter. Can you explain why?

Sachin Raole: So, if you look at in our project execution, there are two components. One is the equipment manufactured by us and the procured goods also, which forms a part of our supply, which sits into my material cost. And when I execute the activity on the sites or the execution, even if it

is happening at my end, all those expenses sit into my other expenses. So, if you see the difference in this time is on the material cost, which has come down as compared to the last year, because the material cost component or the material related activity was less, but the labor activity that is on the conversion side or on the site side, the activity was on a higher side. That's why my other expenses are on a higher side.

Shivkumar Prajapati: Got it, sir. And sir, our gross profit margins have been significantly improved for the last 5 to 6 quarters, like we even touched more than 50% as well. So, what has changed for us?

Sachin Raole: So, if you are comparing with the maybe couple of years back when the material cost was definitely on a higher side, which has come down to some extent, it is now on a very steady basis kind of a thing, one. Quarter-on-quarter, you will keep on seeing these changes because of the sales mix also, because moment I am having more export sales coming up or more engineering orders, engineering in the sense the services order if I am executing, which doesn't have a material cost component. So naturally, it looks like that gross margin has suddenly gone up. Moment there is a higher component of equipment, then material cost goes up. Generally, that's the reason why we keep on saying that look at the composite cost of other expenses and material cost to arrive at the realistic margins for us, because these activities keep on changing and depending on the accounting standards, we have to keep on accounting those costs into material or other expenses.

Shivkumar Prajapati: Understood, sir. And sir, this order that we got from US of around USD 30 million. So, is this the order that you highlighted 4 to 5 quarters before that 20 plants need to be converted to a lower carbon ethanol kind of a thing? So, is it related to that or is this a different one?

Sachin Raole: No, so it is exactly the one which we had earlier mentioned that we are working on this low carbon requirement of US market and we are working on that order or other. There are multiple inquiries on which we are working on. Then this was the first order which we bagged. This order, by the way, is not of 30 million. 30 million is the overall cost which my customer is going to incur. Someone was already asking a question, what is our proportion? Unfortunately, I can't give you a proportion of that. But yes, this order is related to low carbon. And even in the opening remark, we had mentioned that we are actually executing, this is in an advanced stage, the execution of this order which is going on.

Shivkumar Prajapati: Understood. So, is this the first order that was put into the market and we won it or is it...?

Sachin Raole: This is the first order which we are executing. So, this is going to be our first commercial demonstration in the US market of this kind of an order which is meant for low carbon. And naturally, it will set a trend for that market. As I mentioned earlier that we are entertaining many more inquiries in that market for this kind of a segment.

Shivkumar Prajapati: All right. Thank you for answering.

Moderator: Thank you. Our next question comes from the line of Vikram Suryavanshi from PhillipCapital. Please go ahead.

Vikram Suryavanshi: Good afternoon, sir. I think most questions are answered. But just on book-keeping side was there any FOREX adjustment in this quarter because earlier we used to report it separately?

Sachin Raole: Good catch, Vikram. But when we were discussing with the auditors, auditors specifically mentioned that you are not supposed to or you are not, as per the standard, you are not supposed to make a mention of that line item, which will only come up at the year end. And that's the reason why this line item hasn't come in the published accounts. But just for the information, this quarter we were having a profit of almost Rs. 3 crore or something on account of fluctuation of foreign exchange.

Vikram Suryavanshi: Understood. And was there any order booking from CBG side during this quarter? Or how is, you highlighted the traction in particularly in Napier grass and press mud, but in near term, what kind of ordering specifically this quarter? How was the scenario?

Sachin Raole: So, Vikram, of course, we just don't give a specific number for this segment. But yes, we do have a CBG order, but it is not for Greenfield. We are working on some kind of a capacity enhancement for the existing plant. And that order is sitting in our order book right now.

Vikram Suryavanshi: Okay. Understood. Thank you, sir. All the best.

Ashish Gaikwad: Thank you, Vikram.

Moderator: Thank you very much. Our next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Good afternoon, everyone. And thank you for the opportunity. The first question I had was more on the difference in margin movement in standalone and consol numbers. So, just to put a context to this, your standalone profitability has improved quite appreciably on a Q-on-Q basis as the execution has grown about 30% odd. While your console profitability has only shown a small improvement on a Q-on-Q basis in spite of a similar kind of overall uptick in execution. So, I'm a bit confused as to why this sharp uptick in execution is not impacting consol margins beyond the 100 bps improvement that has been reported on a Q-on-Q basis?

Sachin Raole: So, the change, you are talking about June quarter versus September or September versus September?

Aditya Mongia: So, this is September versus June. And the premise was that your subsidiaries obviously, the issues of underutilization aside, which is impacting both quarters, your subsidiaries or your overseas businesses typically better margins. So, one would have anticipated better traction in consol margins on a Q-on-Q basis. That's not happened.

Sachin Raole: So, point noted, Aditya. But if you look at, there is basically one main reason as compared to June quarter. The September quarter, we are having more execution activity. And that execution activity was having naturally more cost, which is sitting in my other expenses. That was not the scenario in June quarter. June quarter, the activity was on a lower end, but of course, the margin looked lower because the activity itself was on a lower side. So, topline was also lower. So, the change is not getting reflected because of that on the standalone basis. On a consol basis, the change is happening because of the subsidiary Company's losses naturally between June and September is also there, which has impacted my change in the margin between standalone and consolidated.

Aditya Mongia: Maybe we can take it offline, but it seems the standalone is reacting fine on margins. It's a consol that is not.

Sachin Raole: Sure. Definitely, Aditya.

Aditya Mongia: I will go on to the second question. I just wanted to get a sense from you as to how much of your business today, let's say of the Rs. 8.1 billion of inflows that you have gotten or Rs. 16 billion for the first half, how much were linked to bio-ethanol projects and how to think through them over the next six months or so?

Sachin Raole: Sorry, your voice was a little low, but if I have understood your question, you are saying that in the order intake of Rs. 8.1 billion of this quarter, how much is from the bioenergy?

Aditya Mongia: How much is from domestic bio-ethanol or ethanol projects?

Sachin Raole: Okay. So, the split is definitely not there, but we have a sizable intake also from the domestic market in the bioenergy segment. It is not only international. Of course, international is there, but domestic orders are also there.

Aditya Mongia: So, could you give us a sense of how much? So, see, if the targets are not to be revised?

Sachin Raole: Sure. We will send that number out separately because right now I am not having it immediately on my hand, but we can definitely let you know that.

Aditya Mongia: And maybe lastly, anything that you would want to highlight on the comment made on the pipeline being strong on biogas-based plants, but still, it may take time for us to benefit? And maybe the allied question, anything that is happening on the bioplastics side that you would want to highlight as an opportunity for this fiscal?

Ashish Gaikwad: Okay. So, I will take the bioplastics question first. Aditya, of course, this is a new technology and we have developed it in-house for India. We are talking to both; some of the domestic India customers and some of the international customers, but there is no firm project that we

have booked yet, and our business development efforts are ongoing in the bioplastics area. What was your first question? Sorry, I forgot.

Aditya Mongia: Essentially, the context is that when this is linked to the biogas opportunity or CBG opportunity, the more we see through Reliance's annual report and how they talk about things, it seems that the sector is going to see a lot of activity, and you say so in your pipeline as well as it has been seeing traction. Should it translate into sizable orders in this year, this coupled with the OMC JV that we have, or will the wait extend into fiscal '27? And what are the imponderables over here on that we need to kind of consider?

Ashish Gaikwad: Now we got your question, Aditya. So, yes, we are also quite optimistic about the CBG segment of our business. In fact, we are one of the few companies who have successful installations running at capacity for compressed biogas for different types of feed. And we believe that as the gas economy of India develops, gas generation will steadily increase within the country, and CBG will play a major role in that. Of course, what it needs is for gas to be distributed properly, it needs a good pipeline infrastructure, the national grid for gas, which connects with both the industrial as well as the city gas distribution network. And it is happening as we speak right now. And as more and more segments get connected and there is an evacuation that happens from the plants, more and more demand and supply will get connected. So, this is a steady progress. And, to make the long story short, CBG is an important area for us to focus in the future.

Sachin Raole: And Aditya, just to answer your question related to domestic orders, which are almost in a range of Rs. 300 crores out of the total order book which we had clocked in this year quarter.

Aditya Mongia: So, can these completely dry up in the second half? And if so, are there implications to that?

Sachin Raole: Not necessarily, because what Ashish was explaining about how we are focusing on different elements and segments within bioenergy itself, not only in the international market, but also in the domestic market. The highlight was, yes, there will be slowness in the greenfield projects because the capacity is already achieved. But there will be a lot which will be happening on the technology enhancement, yield enhancement, productivity enhancement, cost reduction, steam reduction. So, there are many, many solutions which we do have for our customer base. That's the segment which will start playing out in a bigger way. Our focus will be majorly on that side. That's what was mentioned in the earlier comment of ours, that it will be on the brownfield side more than on greenfield side. But that doesn't mean it will be completely drying up. That is like an extreme kind of a scenario which is not right now visible, especially the inquiries which we are handling currently.

Aditya Mongia: Maybe last thing, and I will then fall back into the queue. The cash flow from operations was impacted in the first half with the buildup of contract assets happening. Is this something that

is going to reverse, or should one think through different commercial terms at which incremental execution will happen? That is the last question from my side.

Sachin Raole: I think by December-January, most of our dispatches under that CIP will start moving out. So, it's a matter of next 2-3 months where we will see the reversal of this blockage of capital which we have seen in this particular segment of contracts in progress. That will start moving out and the scenario on the operating cash flow will change to that extent. So, it's a matter of next 2-3 months because your observation is right. The CIP is little on the higher side because of the execution activity which has gone up during this quarter.

Aditya Mongia: Thank you. I will fall back into the queue. Thank you.

Sachin Raole: Thank you, Aditya.

Moderator: Thank you, Anit. Thank you. Our next question comes from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.

Mayank Bhandari: Thanks for the opportunity. I just wanted to understand how is the impact of the US tariffs on your business panning out?

Sachin Raole: US tariff, we like to look at into two segments, Mayank. One, the orders which we are currently executing and the business which we are expecting from that market. Currently, all the orders are getting executed without having any issues. And another aspect which we need to understand, the impact of US tariff is technically not on our account because tariff is supposedly to be paid by my customers. So, whatever orders which we are currently executing are going on as per the plan. Customer is also not changing the execution pattern or execution cycle which we are going for. Going forward, we like to definitely see how it is going to span out and not only from the possibility of new orders, how they are going to come up, we have to also figure it out how we are going to service them also, whether there are any ways and means of figuring it out, how the impact of tariff can get reduced. So, there are naturally, what I can say, there are different options or there are different approaches of handling that kind of a scenario. It will not be proper from our side to explain what exactly we are going to do about it, but there are ways and means, the way in which we are trying to figure it out. So, it is not that US market is not going to be a market for us going forward. We are definitely catering to that segment also, especially what we just mentioned on the low carbon. People are very, very keen on having those low carbon solutions from our side. What has actually happened when we calculated the effective tariff rate and the way in which customers are coming back and talking to us, their payback period is getting affected maybe by 5 months to 6 months because of this tariff. Still, the solutions which we are offering for that market, they are still attractive. So, the impact is not going to be felt very, very badly to that extent, especially in the bioenergy. In the segment of equipment side, that is the engineering side, they are still figuring it out how and

what should be the ways and means of handling that. But yes, it is a matter of discussion, a matter of what I can say, figuring it out, the strategy to deal with this kind of a scenario.

Mayank Bhandari: So, are we favorably placed then or competition here from other countries like Taiwan, Korea, China?

Sachin Raole: I will not say whether we are favorably placed or not placed because every order is very unique, every opportunity is very unique. The competition is of a very different nature every time. Tariff scenario is still evolving. We do not know what is exactly going to be the final one for everyone for that matter because every day there are changes which are happening. So, every time we assess the opportunity depending on what kind of a competition is there. So, it is not what I can say a common parameter or common yardstick which we can apply for the US market and US opportunity.

Mayank Bhandari: I think the tariff announced was 26% which was later reduced to 10%. Is that number correct?

Sachin Raole: Which numbers you are talking about?

Mayank Bhandari: Announcement of tariff was 26%. I think this was discussed in last call also.

Sachin Raole: You are referring to the effective tariff rates which might be applicable to for a customer. As I was telling you earlier, there are different ways and means of handling it and every order, the modus operandi of that execution will define the tariff rate. It is not necessarily going to be 26%. In some cases, it might be 17%, 18%, 30% depending on how that specific order is getting executed. So, very, very different. That is what I was explaining earlier. The approaches are very different and unique for each opportunity.

Mayank Bhandari: Thank you, sir.

Sachin Raole: Thank you, Mayank.

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

Shailesh Kanani: Good afternoon, everyone. Thanks for the opportunity and congratulations for the good performance considering the macro environment. So, first question is a little bit to our CBG in terms of number of projects what we have in terms of feedstock, their completion timelines because last time I remember, we were supposed to complete some project in the month of October or November somewhere. Can you just give some details on that front in terms of breakup in terms of summary of those projects?

Ashish Gaikwad: We do not have the summary in front of us right now, Shailesh. Maybe we can separately come to you on that. But there are several projects which are ongoing under projects belt right now

and they are on different feedstocks and they are at different stages of execution. Some of them are already completed and producing the gas at capacity and the customers are realizing the cash flows through those projects. So, I think that is what is the scenario. The pipeline is also getting developed nicely for the next few years. And as I said, as the infrastructure for distribution and evacuation of this gas develops further in the country, because you must appreciate that most of this generation will happen in the rural or remote areas, but most of the consumption happens in the last city where either the compressed biogas is used in the cars or it gets used for the domestic cooking usage. So, therefore, the industry will develop at a certain pace and we are obviously a key participant in that ecosystem.

Shailesh Kanani:

Fair enough. I will take that offline. My second question is with respect to margins. So, we have done very well on the international side. I think we have clocked highest quarterly revenues. So, just wanted to understand, is there any one-off delivery which has happened during the quarter? And second, we have historically always mentioned that the international orders come with 500 bps to 600 bps extra EBITDA margins. So, weren't the margins a little bit subdued in that context?

Sachin Raole:

So, Shailesh, the answer which I had given earlier on the margin side that margin gets defined based on the sales mix. During this quarter, I had also mentioned earlier that we had done a couple of service orders which doesn't require material naturally, and this is the deliverable of the drawings and designs for the projects which we do. In this quarter, that quantum was higher as compared to the June quarter or the September quarter. Naturally, almost everything on the topline gets added into my bottom-line because of the services element. Otherwise, my fixed cost is anyway there. And that's the reason this margin improvement starts looking very differently because of the delivery of different kind of orders. Your question related to international is right. International orders have different margins as compared to domestic margins, that's for sure. Going forward, we will have to see how that space is also going to span out as someone was asking a question related to tariff. So, we will have to really figure it out how this changing dynamic is going to have a change in our margin segments too.

Shailesh Kanani:

So, just to supplement that, the reason I was trying to understand is because this time around, we have nearly 50% of our revenues coming from international. So, from that context, I was trying to understand.

Sachin Raole:

So, if you look at rather earlier, we had mentioned that one of the orders which we are executing currently in the Africa region, region-by-region, our margins are different. Every region is not giving us the similar kind of a margin. Even Africa margin, margins are better than India margin, but not as good as European or American margins. So, naturally, what you are observing, that's right. International contribution or other international revenue is on the higher side. But correspondingly, what we would have got the margin on the bottom-line from the international side is not to that extent.

Shailesh Kanani: And just the other part of the question, was there any one-off or this run rate can be expected to be sustaining to the second half?

Sachin Raole: There is nothing one-off. It is absolutely the nature of business which you are into, the jobs which you are doing, the regions which you are catering to, everything is absolutely same. There is nothing one-off.

Shailesh Kanani: Can I squeeze in one more question?

Sachin Raole: Please go ahead quickly.

Shailesh Kanani: On the domestic front, if you can give some customer profile, you have mentioned that on the bioenergy, that ethanol, predominantly we have received around Rs. 300 crores of orders out of total Rs. 800 crores. So, if you can just give some understanding in terms of the customer profile, what is your interaction with them? Because we do know that there is an oversupply in terms of capacity of ethanol. So, how are they viewing it and how they are assessing it? And also, in terms of the customers, how is the pipeline vis-à-vis last year and this year, if you can do some numbers on that front as well?

Ashish Gaikwad: I think there is a fair amount of data that you can find in the public domain, right? While at the aggregated level, the demand and supply have this imbalance, which means the demand right now is less compared to the capacity available in the country for ethanol. But when you peel the onion, so to say, and get to the details, different states and different regions have different capacities and therefore different demands. So, within pockets within the country, there are still opportunities that are existing. And that is why my colleague Sachin mentioned to some other callers that this is not going to be a complete dry out in the second half of the year, but there will still be opportunities in the capacity additions, enhancements, etc., in the ethanol market. And the customers are also thinking the same. They are, of course, wanting more usage of ethanol, also more pathways, and how to use ethanol for many other purposes other than the EBP20. And I think there is a good discussion happening in the ecosystem of this ethanol market.

Shailesh Kanani: Thanks a lot, sir. That's very useful and best of luck, sir.

Ashish Gaikwad: Thank you.

Moderator: Thank you. Our next question comes from the line of Sandip Sabharwal from Asksandipsabharwal.com. Please go ahead.

Sandip Sabharwal: Mr. Gaikwad, it's good to see that after many, many quarters, we have a more conservative consensus for where you are giving a realistic picture of where the company is going. Because we've been used to having very bullish consensus based on opportunities you have, and then

the delivery doesn't come. Now, many people have asked many questions. So as a composite over the last 3-4 years, the company has talked of four big growth opportunities; 2G ethanol, CBG, bioplastics, and sustainable aviation too. So, can you, as a composite answer, actually update all of us as to where and how you see these opportunities panning out? I know there have been separate questions asked on different segments. So, since you have just taken over, from your perspective, if you can answer, that would be great. Thank you.

Ashish Gaikwad:

Sure, Mr. Sabharwal. And I think your observation; we take it as a compliment. We do want to be as sort of transparent and as realistic when we have this dialogue every quarter as possible. And you can, of course, give your feedback as we move forward on our dialogue. Coming back to these new technologies, predominantly Praj has been one of the very significant players in the development of ethanol as a market in India. Our founder chairman was in fact very instrumental. He's known as the ethanol man of India. So, we get connected with ethanol always. But we must realize that along the way, in the last few years, we've done a lot of good seed planting for the advanced biofuels which go beyond ethanol. So first of all, because of this food versus fuel debate that started a few years ago, Praj was one of the pioneers in thinking about waste-to-energy and therefore creating the second-generation ethanol from the agri-waste. India is blessed as far as agri-waste is concerned because if we can put it to use, then we will be one of the largest producers of the biomass in the country. It's estimated to be around 750 million tons every year. And if we can convert that technology to make ethanol, that will be really helpful for farmers, for the country to become independent in terms of energy sufficiency, and there are many other advantages. I need not get into those details right now. So 2G technology for us is already bought by three oil marketing companies, Indian Oil, BPCL, and HPCL. Indian Oil plant is completely commissioned right now and the trials are ongoing and we are working on some of the initial teething issues that we encountered and we are very hopeful that by end of this fiscal, which is by March, we will be able to get to our target production. So, efforts are on in that area and then it will be followed by the other two projects. As you know, the government also has realized the power of second-generation ethanol and they have recently come up with a policy that people can take these non-food feedstocks and if they make those 2G ethanol, it is allowed to be exported to different countries. That's a very welcome change and this was announced as recent as the September of this year. So we are looking forward to that development. And we believe that there are not too many players in the world who have been very persistent and standing behind the second-generation ethanol technology. Praj has been and I think in the time to come that entire tenacity that Praj has shown will give us an advantage in the global market as well. So that's as far as 2G is concerned. I think I sufficiently talked about CBG and that's a segment that we are also very hopeful about. Gas economy is required for India and CBG really helps in developing that gas economy, reduce the LNG import over a period of time, which is also running into billions of dollars for India. And so, if we produce it using biomass, that will be beneficial to the nation's overall mission as it comes. The third one, the technology that I touched upon very briefly was the SAF or the sustainable aviation fuel. A lot of people have talked about SAF and there are different ways to

get to SAF. But the one that will really survive in the long term will be converting ethanol to the jet fuel. That's called E-to-J. And again, in that E-to-J technology, multiple people have talked about it. But I'm really proud to share with all of you that in the country today, we have a real demo facility where on one side when you put ethanol, we can run continuously the plant to get the sustainable aviation fuel that is certified for usage in the airplanes. Now, this has taken some time to develop as a market for various reasons. But there is no doubt in my mind personally and in general in our minds that this is a market that will provide a new path for ethanol to get converted into a higher value fuel. And that is a technology that Praj has. The other thing that Praj also has is not just the technology, but also the engineering capability that will help the customers to construct a commercial-sized plant for SAF. So, that's another advantage that we need to keep in mind when it comes to SAF. And lastly, I would talk about the bioplastics. In that particular portfolio of bioplastics that Praj is working on, the first one that we already have ready as a technology is the lactic acid or the polylactic acid. And we have, again a demo plant based on our research and development efforts, which a lot of people come to visit us and have a look at it because they want to see and touch and feel it. And we have an advantage therefore that we are able to not only demonstrate to them the technology, but also share with them the path to scale it up for a commercial-sized bioplastics plant. We have some discussions already going on, but because there is no order that we have yet booked, there is still some time before we see the revenues coming from these efforts. So, I thought this some quick overview of some of the technologies. I touched upon the IBA earlier, the isobutanol that will be useful in blending into the diesel. And again, that is a large opportunity that Praj would like to participate. So, this is a bouquet of different and new technologies. They essentially are coming from the bio sources. So, therefore, it's going to be good for the climate change actions. And we have created what we call as the BioVerse. This is a term that we would like to use going forward, which is actually a combination of the biofuels and the biochemicals and materials all put together. And to implement these technologies, we also have the engineering and the modular and equipment manufacturing technologies and manufacturing locations that will kind of complete the cycle for our prospective customers. Does that help in getting an overview?

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for the day. I would now like to hand the conference over to the management from Praj Industries Limited for the closing comments.

Sandip Bhadkamkar: So, thank you everyone for your time today and questions. If you have any more questions, feel free to write us at info@praj.net and we will be happy to give answers to your questions. Once again, thanks a lot for your time today. Have a nice day and we look forward to interacting with you in the near future. Thank you.

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