

Praj Industries Limited
Q4 and FY '26 Earnings Conference Call
May 29, 2026

Moderator: Ladies and gentlemen, good day and welcome to Praj Industries Limited's Q4 and FY '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.

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 Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the 4th Quarter and Financial Year ended 2026.

Before we begin, I would like to 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 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 delay, I request Mr. Ashish Gaikwad to start with his opening remarks. Thank you and over to you, sir.

Ashish Gaikwad:

Thank you. Good day, everyone. Welcome to Praj Industries' Earnings Call for Q4 and FY '26. Trust all of you had the chance to go through the results of the quarter and full-year ended 31st March, 2026.

Our performance in Quarter 4 and full year of FY '26 was impacted by several external headwinds. Despite these headwinds, we continue to progress on our strategic vision, which is aligned to the global megatrends of energy security, energy transition, and sustainability.

The current West Asia situation has once again highlighted the need for energy security for every nation. This will give further impetus to the production and usage of biofuels across all agri-rich countries. India's biofuels ecosystem is aptly moving from just the policy intent to the commercial market readiness with coordinated actions across different stakeholders like the Government of India, oil marketing companies, automobile manufacturers, technology providers, and production companies.

Amid global geopolitical uncertainties and recurring energy supply disruptions, India is taking progressive and proactive steps to strengthen our energy security through higher bioenergy usage in transportation fuels.

The Bureau of Indian Standards has now notified fuel specifications for E22, E25, E27, and E30 petrol blends in addition to the E85 and E100, building upon India's successful E20 program. This notification sends a clear preparatory signal to all the players in the ecosystem to be ready for higher ethanol blends and flex-fuel vehicle adoption.

Simultaneously, the government has shared a concrete roadmap of E85, E100 fuel infrastructure development with automobile manufacturers and OMCs. The rollout begins with 150 numbers of E85 and E100 retail outlets across Delhi, Mumbai, Pune, and Nagpur within the next month. This will scale to 500 outlets across major metro regions including Delhi-NCR, Maharashtra, Bangalore, Chennai, Kolkata, and Hyderabad within the next 6 to 12 months, followed by a target of 5,000 E100 dispensing stations nationwide within 24 months.

Automobile manufacturers are responding well to this policy direction with the development of multiple flex-fuel vehicles as well as E100 vehicles. Their commercial launches are also in the offing starting in June. Ethanol is increasingly emerging as a strategic molecule beyond transportation. Its applications are expanding into agricultural machinery and generator sets, reflecting the growing readiness for diversified ethanol usage across sectors. Another major inflection point expected for ethanol usage is ethanol-to-jet adoption for SAF production. A draft policy on SAF is ready and the blending mandates are expected to come in 2027.

Now coming to our Praj business updates.

Our 1G domestic business continued to experience a slowdown in Greenfield fuel ethanol products. We believe this situation will improve after announcement of higher blending mandates.

In the interim though, we experienced an increased demand for greenfield ENA plants. Praj has a clear technology edge for ENA or extra-neutral alcohol. We also see a growing demand for our Brownfield solutions where customers are prioritizing operational efficiency improvements and value-added co-products such as Distiller's Corn Oil or DCO. During the quarter, we secured a good number of DCO orders and have a robust inquiry pipeline.

Our fuel ethanol projects backlog execution front; the project execution cycle continues to get extended due to funding and other challenges.

We had mentioned in our previous call that our technology for bio-isobutanol or Bio-IBA is ready for commercialization and scale-up. We are expecting our first order in the current quarter of FY '27. As we know, the volume requirement for diesel blending is much bigger than petrol. The use of bio-IBA in diesel blending is going to be a significant step in our nation's biofuels journey.

In the international market, there are some positive developments. For example, the U.S. House has passed legislation that allows nationwide sales of gasoline or petrol with 15% ethanol blend. We are closely monitoring these developments and engaging with the customers since this will result in opportunities for Praj in America's region.

There are also positive announcements in countries such as Indonesia, Vietnam, Kenya, Panama, Argentina, Guatemala, Costa Rica, and Bolivia for increasing share of biofuels in their energy mix. Praj has successfully implemented projects in these countries in the past, and we are engaged in these markets for business development.

On CBG front, the capacity ramp-up of a few of our plants using Napier grass and rice straw as mixed feedstock is underway. While there is a good inquiry pipeline for projects based on press mud and Napier grass, there are some delays in order finalization. We are also looking at international opportunities in our CBG business based on our success in the Indian market. Amid rising crude prices, geopolitical tensions, and supply disruptions in the Middle East, India's focus on compressed biogas is becoming strategically important.

Honorable Finance Minister Mrs. Nirmala Sitharaman recently highlighted the concerns around three Fs – fuel, fertilizer, and foreign exchange – reinforcing the need to reduce import dependence. In this context, CBG offers a strong domestic solution. Produced from agricultural residues and organic waste, CBG can reduce the dependence on imported fossil fuels, while its co-products Fermented Organic Manure, or FOM, and Liquid Fermented Organic Manure, or LFOM, can help lower reliance on chemical fertilizers import. Additionally, CBG can also be

integrated into urban pipe natural gas networks to support domestic cooking energy needs. Maharashtra has recently approved its State CBG Policy 2026 with an outlay of Rs. 500 crores aimed at accelerating waste-to-energy infrastructure, promoting circular economy models, and expanding clean fuel production across the state.

Our "Lifecycle Services" business is growing steadily with growing traction for our performance enhancer solutions as well as biogenic CO2 capture solutions. Our more than 1,000 plants using Praj technology in various parts of the world, including India and overseas, is a source of steady growth for our Lifecycle Services business.

On the SAF front, we are completing the basic engineering order for one ethanol-to-SAF plant for our international customers. We are in discussions for the detailed engineering order for the same plant.

Moving to "Engineering Businesses," in Quarter 4 FY '26, we are pursuing several opportunities. However, owing to uncertainties around raw materials costs and supply chain disruptions, we deferred the final negotiations. Some of these orders will now be reflected in FY '27.

On the Praj GenX front, data center segment is coming up as a promising segment. We are in final discussions with one of our key customers for modularized solutions for the cooling systems for their international data centers.

For our ZLD and PHS businesses, battery, semiconductors, solar panel manufacturing segment is opening up as new opportunity. We are pursuing opportunities where both businesses will offer joint solutions to these customers. We have closed one such order with a semiconductor company in the current quarter.

Overall, we believe the external business environment is going to remain uncertain. However, our strong technology edge in bioenergy and advanced manufacturing capabilities in modularization will help us deliver improved performance in FY '27.

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

Sachin Raole:

Thank you, Ashish. Good day, everyone. Let me take you through the financial highlights for the quarter and year-ended March 31, '26.

The consolidated income from operations stood at Rs. 8,445 million in Q4 FY '26 as compared to Rs. 8,598 million in Q4 '25. Profit before tax before exceptional item for the quarter stood at Rs. 15.4 million as compared to Rs. 582.5 million in the corresponding period last year. Profit after tax stood at Rs. 116 million in Q4 as compared to Rs. 398 million in Q4 of the last year.

For the full year ended March 31, 2026, income from operations stood at Rs. 31,679 million as against Rs. 32,280 million in FY '25. PBT stood at Rs. 763 million as against Rs. 2,704 million in FY '25. PAT for 2026 came in at Rs. 238 million as against Rs. 289 million in FY '25.

Export revenues accounted for 36% for FY '26. Of the total revenue, 67% is from bioenergy, 22% from engineering and 11% from PHS business. The order intake during the quarter was Rs. 6,580 million with 79% from domestic market and of the total order intake 86% came from bioenergy, 2% from engineering and balance 12% from PHS business. The order backlog as of March 26 stood at Rs. 43,050 million comprising 66% of domestic order with 78% from bioenergy, 16% from engineering and balance 5% from PHS.

Cash in hand as on 31st March 2026 stood at Rs. 6.12 billion.

The Board of Directors proposed a final dividend of Rs. 3.6 per equity share at the rate of 180% of the face value of Rs. 2 per equity share for the financial year ended 31st March 2026 which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

With this, I will conclude my remarks. Thank you for joining. We would now be happy to discuss any questions, comments or suggestions you may have.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Naveen from NK Trading Company. Please proceed with your question.

Naveen: So, I am being invested from some past three years and from past three years I am seeing a little bit underperformance in our margins and profits and other things. And even we are being an R&D company with all the innovations we are doing, why we are not able to maintain the margin and we are reducing the margin profits? Can you give some light on that?

Ashish Gaikwad: Sure. Okay, thanks for your question, Naveen. Yes, this is a question on several people's mind, I am sure. So, I will answer that for everybody.

Firstly, as you know, Praj has had a good run when the EBP-20 program was launched and completed well ahead of its schedule. It is one of the most successful biofuels program in India and that was the time when a lot of new Greenfield plants for ethanol have come up and Praj has had a lion's share in terms of making those plants and constructing those plants.

Since that time, capacity that was required for blending the ethanol in petrol has been achieved and so there is a reduction in the number of plants for ethanol as of now in the current steady state. However, as I mentioned in my opening remarks that there are new blending mandates which are being talked about and we expect that that will have a positive impact on the new capacities to be looked at.

The second thing I would say is during this time, the other business which we have been working on is the Praj GenX business and we have been investing into that business over the last two and a half, three years to make it ready for a large capacity to serve the requirements of equipment and modular plants worldwide. And because this is a large investment that takes time, there is a gestation period, for the last two and a half years that investment continued. We believe that during this period, we have been able to build some customer base who have approved these facilities and we will be seeing the positive impact of that and the order books in the current year of FY '27.

So yes, you are right, in the last three years, there was stagnation and the profits were also affected because we were investing into Praj businesses and now we should start seeing some uptake from FY '27 onwards.

Moderator: We take the next question from the line of Aditya Mongia from Kotak Institutional Equities. Please proceed with your question.

Aditya Mongia: So, the first question that I had was on 1G ethanol, I wanted to get a sense that for the years gone by, what would have been the level of ordering that you would have achieved in this aspect and how does it compare to the last three years' average for you? Just trying to get a sense of how much scale down has happened in that part of the business here.

Ashish Gaikwad: I will give you the answer in terms of the qualitative analysis. So, when you talk about 1G, it has multiple components, right? So, it has Greenfield projects and it has Brownfield projects and it has services also that we provide to the customers. And so the amount of the green field projects certainly went down in FY '26 because of what I just now mentioned of the overall capacity. However, we do see multiple opportunities of smaller size for two things. One, which is for enhancing the operational efficiency of the existing plants. The ticket size of those jobs can be smaller, but those are something where Praj's technology and expertise comes into play. Second is our customers are encouraged to go for co-product production like the distiller's corn oil for the corn-based plants. And inquiries for those and also the order books for those has also gone up.

So, while the Greenfield has gone down, but some of these other opportunities in the 1G business have been steadily coming in. Of course, like I said, the ticket size of these jobs is smaller.

Aditya Mongia: I just request if the company can start sharing specific numbers because it makes it easier then for the community to appreciate the business and what is changing here. But I will leave that to the company.

The second question that I had was more on the margin front. Could you give us a sense of how much of the quarterly numbers were impacted by out-of-turn price increases that had to be

absorbed and what is being done or at what pace should normalcy happen on this front and where can margins then line up?

Sachin Raole: Sorry, Aditya, you mentioned out-of-turn what?

Aditya Mongia: In the sense that the raw material prices that have gone up in recent times, just giving specific, would have had an impact on the company's profitability. So, just trying to get a sense of to the extent that they could pass it on and to the extent that you have to absorb net-net, how much was the impact on margins? And at what period of time does it get addressed?

Sachin Raole: Understood. If you are asking specifically for the quarter, yes, on a consolidated basis, we have seen 3% raw material prices going up. But if you have noticed, the other expenses have come down by 2%. So, it is a composition of both because the activities which get, what I can say, executed during the quarter gets reflected in the numbers of ours. Overall impact is 1-1.5% additional which we have incurred. More than raw material prices, Aditya, we have the cost escalation coming up in the site execution.

And the reasons what Ashish earlier was explaining on the delays in the execution has impacted indirectly in the cost escalation coming up because the sites are open. They are not getting completely closed on the basis of the work which we are supposed to do in a time-bound manner. And that has actually put a pressure on our cost to execute those projects.

More than the raw material prices, I see the change has happened on the other expenses, which is mainly related to site-related expenses. If you look at YTD numbers, the raw material prices have more or less remained same. That doesn't mean that going forward there will not be any impact coming up. We are very closely monitoring the current scenario. The current situation is a little dynamic. Rather Ashish has indirectly covered that when he mentioned that we actually deferred few order bookings which were supposed to happen in this quarter only because of the raw material price uncertainty and the nature of the contract which we undertake, especially on a fixed price basis. So, we said that we will hold on to those contracts or rather the enquiries and we will close only when we have some kind of visibility on the raw material prices, how they are going to shape up.

In the current quarter, yes, there is an aberration which you are noticing. It is not the result of the raw material prices going up. We like to very closely monitor the scenario in the coming quarters, especially on the basis of what is happening to the disruption in the supply chain. But on the year-end basis, as I mentioned, the material prices have remained more or less in the same range.

Aditya Mongia: Maybe I will round it off with this question. See, margins are cyclical for the business and it seems as if the RM adventure is still ahead of us. In that context, what are the steps that the

company is taking to make the cost structure better off or to make the terms of contract more fair to both parties?

Sachin Raole: So, it is contracting with the customer and contracting with the vendor. So, both the aspects we are studying together and figuring it out if we are getting an order and let's assume it happens to be a fixed price contract, then how to lock the prices of our raw material at the same level so that we will not have any impact on that. But as I said, in the current scenario, if the supply chain is completely going to get disrupted, then the situation is going to be a little different and difficult to monitor. But from the contracting point of view, we are trying to get, to the extent possible, the flexibility into our pricing. Earlier, our all contracts used to be 100% fixed price. We have moved from that 100% fixed price to some kind of a flexibility depending on what kind of a sensitivity we will allow to our raw material price changes. But we are monitoring that contracting part also very, very closely.

Aditya Mongia: Could you just share the quantum of orders that have been deferred from last quarter? That will be my final question.

Sachin Raole: So, it is not, I will not call it as an order. I will call it as an inquiry basket. So, this was almost Rs. 300 plus crores inquiries which we didn't finalize only because of these issues.

Moderator: The next question is from the line of Amit Anwani from PL Capital. Please proceed with your question.

Amit Anwani: The first question on the GenX, so earlier you were targeting Rs. 400-500 crore possible orders here. And has the deferment happened here also? That is one. And second now, what is the kind of situation with respect to the client inspections and conversions and overall outlook for GenX? And obviously, of course, you have got the data center order. So that piece also would like to understand what could be the possible opportunity for GenX from data centers, modular cooling system, which you talked about, yes.

Ashish Gaikwad: Sure. So, thanks, Amit, for the question. Yes, we have been investing, as I said, in GenX. And one of the investments that we are doing is for preparing ourselves for these new segments that we want to serve. So, the data centers, the hyperscalers as they are called, they require these very specific cooling modular structures, which are piping, et cetera. We have already done the work in FY '26 now. And in FY '27, we want to take those efforts into fruition by securing the orders. And these orders are not one-off. We expect that once we have the facility ready for creating these modular structures, we can continue to repeat those in every few months. So, that is the way we are going ahead. We believe that that will increase our capacity utilization of GenX facility, which is a fairly sophisticated and large facility. And we, therefore, can see some positive results for GenX in FY '27.

Not only just the data centers, but we are also working on other sectors like LNG, which is growing, conventional oil and gas, which is also an attractive segment for us. And therefore, a combination of these three, we will be able to utilize the capacity at GenX.

Amit Anwani: Can we see the break-even happening in F'27?

Ashish Gaikwad: Well, yes. We would like to absorb most of the cost and the investments that we have made in GenX. In the next two or three quarters, we will have to book the orders, which we alluded to. And once those are there, then we will be able to revenue those. So, our efforts will be in making sure that we will go towards that break-even.

Amit Anwani: Is this kind of like delay happening from the customer for these orders in terms of finalization?

Ashish Gaikwad: Well, any of these customers, these are international customers, they need to certify the facility from multiple angles. Because this is, like I said, not a one-off order that they place. They look at companies like Praj and then they will certify it for multiple projects that they would like to execute. This process is a long process. We started with a segment which was called an ETCA segment, the Energy Transition and Climate Action segment, which was essentially for green hydrogen, green ammonia, electrolyzers, et cetera. But as you know, that in the last two years, that segment has become a little subdued. And so we had to pivot to the other segments where we can get our customer interactions going. So this is where the data centers, the LNG segment, and the oil and gas that I mentioned come in. And so now with all of this pivoting that I talked to you, we believe that it should be a better path forward for us.

Amit Anwani: And lastly, what could be the ticket size of data center order probably in terms of per megawatt, how much would be your addressable market, which you think with what you got in terms of opportunity outside? And the order which you got, is it from the client or from any OEM who is working with the client for the data center?

Ashish Gaikwad: Yes, so for the sake of confidentiality, we will not be able to talk about the customer per se because we are bound by our obligations. However, depending on the size of the data centers, the order values can vary from as low as Rs. 50 crores to as high as Rs. 150 crores, depending on the size. And as we are negotiating, I would not be able to give you exact numbers right now since this is going on. I have said that we have not booked that order in Quarter 4 of last year, but we expect some good news in the 1st Quarter of this year, FY '27.

Amit Anwani: Lastly, sir, the number on fixed overhead for GenX, how much was it in F'26, employee expense and other fixed overheads at that factory?

Sachin Raole: So, the fixed overhead run rate is still continuing at the rate of almost Rs. 10 crores per month, Amit.

Moderator: The next question is from the line of Sailesh Kanani from AMSEC. Please proceed with your question.

Sailesh Kanani: Sir, a couple of questions. First of all, there are many media reports, you know, indicating about EBP mandate and various percentages. So, my question is with respect to, as per you and your past experience, how things materialize and in what time frame, if, let's say, we go without 25% mandate, how would the TAM for Praj look like and when would this kind of translate into numbers in terms of order booking or revenue? And what should be our key monitorable over here?

Ashish Gaikwad: Good question, Sailesh. So, first of all, it is difficult to predict the timeline for the new mandates to come in. But, as you said, we all read these articles and newspapers, and we know that the West Asia crisis has given an impetus on a different thinking right now. As a nation, we were facing difficulties in importing the energy, overall energy mix, and it includes crude oil as well as gas. So, with all of this, we believe that these new mandates will come in and not only for maybe petrol, but also hopefully for other transportation fuels as well. So, that is the first part.

Secondly, depending on what comes first and how much is the increase in the blending, there can be different capacities that will have to be added for the ethanol production in India. We believe that if it is just between 2% to 5%, then the current capacities may be sufficient, but efficiencies will have to be improved and the quality of ethanol will have to be really something that we will have to look at, which is where Praj has a special edge and technology where the purity of alcohol that is used in fuel is important. But if it goes beyond 5%, then even more capacity will have to be added, and that is what we are watching, and we are ready for that type of blending enhancement.

Sailesh Kanani: So just a clarification on that. So, what we are saying, supposing if there is a mandate for E25 tomorrow, the existing ethanol plants would need some kind of upgradation wherein Praj can help out with the technology. Is that what you are saying?

Ashish Gaikwad: We have both types of offerings, which our customers come to us for. Number one, we can enhance the capacity and the throughput of the existing plants by doing certain technical modifications, or, of course, we can put an entirely new line for the additional production. So, depending on each customer, their ability to fund and their overall direction, we can help them in both, in enhancements as well as the new capacity buildup.

Sailesh Kanani: So, in terms of technical parameters, there are no upgradations further as such is required in the ethanol, right, for the higher blending percentages?

Ashish Gaikwad: No, no. I think as long as they stick to the blending specifications as stated by the government and the BIS and produce that type of ethanol, that should be good enough. What I meant was

that at Praj, with the technology that we have, we are able to absolutely meet and exceed those specifications in the plants that we construct.

Sailesh Kanani: And other part of it, the way you said that if the percentage blending is only increased by 2% to 5%, maybe we will not have new orders, but existing slow-moving orders might have some financial closure pending, right? So, that can kind of at least the one-time effect would have, right?

Ashish Gaikwad: That is correct, Shailesh. Of course, some of our customers, they have slowed down their execution mainly because of some of those challenges that you mentioned.

Sailesh Kanani: I will just squeeze in one more question. In terms of order inflows, right, this is the print, what we have got in this quarter is, I think, four years lower in terms of order booking, right? Now, in the earlier remark, you had mentioned that we have deferred a few of the order inquiry pipelines because of the R&D. But how should we think about it going ahead? Would we return back to, say, a band of Rs. 800 crores to Rs. 900 crores on a steady-state basis going ahead?

Ashish Gaikwad: Well, I think looking at the pipeline right now, we believe so. We should be in that range typically, but as we don't want to give any forward-looking statements, that is the right ballpark that one can assume.

Sailesh Kanani: Thanks a lot. That's helpful. Just one data-keeping question in terms of number of clients who have audited and approved Mangalore facility as on date, and what was that number, say, at the end of third quarter, if you can give some color on that.

Sachin Raole: So, at the end of third quarter, Shailesh, it was around nine, and now we have moved almost to 12 to 13 clients who have cleared the facility for us.

Sailesh Kanani: Fair enough. Thanks a lot, and best of luck, sir.

Moderator: The next question is from the line of Atul Tiwari from JPM. Please proceed with your question.

Atul Tiwari: So, just a follow-up on the same question. So, as per your own understanding and estimate, now that government has specified technical standards, what could be the likely timelines for actually ruling out the mandate to take the blending in petrol from 20% to 25% or 30%? Is it six months, one year, or it could be a longer affair, even a few years from now?

Ashish Gaikwad: We believe that it will be not longer than one year, but really to predict it in terms of exact months is difficult for us. We know lots of discussions are happening. There is a right impetus because of external geopolitical conditions, so we are hopeful that it will get done sooner than later.

Sachin Raole: And you must be aware that government has just also invited the public opinion on E85 and E100, and this draft was proposed a month back. So, government has already started taking the right steps in the direction of going to the extent of E100, and they have opened this window for a month for the public opinion. I believe that window will get over by mid of June or something.

So, if that happens, you can fairly assume that how the government is trying to go ahead on the basis of the first step, which they have taken for basically inviting the public opinion, and second one, asking the OMCs to open up E85, E100 outlets, actually starting from the next month itself. So that also is an indication. Frankly speaking, we can just pick up these indications instead of actually predicting when the notification is going to be out. But it gives a fair confidence to us that it is in the offing and it should happen any time.

Atul Tiwari: And for this E85, E100 outlet, could you throw some more color on this? If these outlets sell petrol with such a high level of blending of ethanol, do we have enough base of vehicles to make this at least somewhat commercially viable in the short run for the people who are opening those outlets?

Ashish Gaikwad: Yes, this is a simultaneous set of actions, Atul. So, that is why when I mentioned in my opening remarks that this is an ecosystem which is getting developed as we speak. So, there is, of course, government, there are OMCs who will put up the infrastructure for dispensing E85 and E100 fuel. But there are also the automobile makers which make these different engines which are able to consume this type of fuel. And we also then have players like Praj and the producers who will then cater to the demand that will come up. As far as we know, we are aware of a few companies already announcing their flex fuel vehicles starting June. And we have seen some of those things also. And there are also retrofit kits on existing vehicles that can be adopted to an old vehicle and it can then become compatible for E85 or E100.

So, there are various things that are happening in this particular space and different stakeholders are coming together as an ecosystem to make this entire flex fuel viable for India.

Atul Tiwari: And, sir, my last question, I mean to rule out the mandate beyond EBP20, say to 25 or 30, does the government need to do some more technical studies to assess the impact of that level of blending on engine performance and wear and tear, or are those studies already done and everything is clear from technical standpoint?

Ashish Gaikwad: Yes, this is a good question. A lot of studies and scientific studies have been done and all the responsible and credible agencies have very clearly come out with those reports. I think in the media, there could be people sometimes who can come up with not very scientific and not connected to the facts type of messages, either through social media or other means.

And I think we have to be careful about it because we have seen other countries like Brazil being very successful as far as ethanol is concerned. And we need to learn from these countries like Brazil and Thailand who have been using this very effectively in managing their energy mix.

Atul Tiwari: And these technical studies have given a green light to say what level of blending, like even EBP30 has been cleared or only EBP25 as per these technical studies?

Ashish Gaikwad: No, there are different categories of vehicles and it is very clearly defined in the report as to which vehicles will be amenable for what type of blending. When we are talking about the new vehicles, the ones that have been manufactured in the recent times, those will be able to take the E30 also. Like I mentioned in my opening remarks, the Bureau of Indian Standards has now completely notified the fuel specifications for all categories, E25, E22, E27, E30 petrol. And then for E85 and E100, it is a different type of an engine that will have to be used in the vehicle. So, these are technical details, Atul. We will be able to share those because we also follow those reports and those are done by credible agencies like ARAI, etc., in the country.

Atul Tiwari: Good to know.

Moderator: The next question is from the line of Sandip Sabharwal from asksandipsabharwal.com. Please proceed with your question.

Sandip Sabharwal: I have been tracking Praj for many years. We have had phases of high growth like in the 1G era where also the company could not report very high profits because there were phases of raw material price hike, many of the contracts of fixed price. Then the company talked of huge opportunities in 2G ethanol, in CBG, in SAF. Now when we see CBG and SAF, we already see a lot of investment happening in India. And Praj seems to have a very minimal share in that. So, how are we supposed to track this company? Because you keep on making so many announcements to the stock exchanges on your technical excellence. But when it comes to orders, execution, margins, there were talks of margins of high teens and where the margins are right now. So, how are investors supposed to invest in your company when you are not delivering on things which you are also talking of? And secondly, Mr. Gaikwad was appointed as MD just last June. And now there is a joint MD also appointed. So, what was the requirement for that?

Ashish Gaikwad: So, maybe I will first take your question on 2G, CBG, and SAF, which is important for us to address. And Sandipji, thanks for tracking Praj. We really appreciate your interest for a long period of time. And from time to time when you ask these questions to us, it also gives us insights and what needs to be done in a better manner for us.

So for 2G, I can assure you that there are three projects in the country, and all three are being done by Praj alone. This technology is available only in Praj. And like any new technology, it has a gestation period, and there are challenges that we faced when we launched it. But we are

now quite confident that we will be able to use the 2G-produced ethanol, especially for the SAF. You talked about SAF as well. There aren't too many investments in the country, to be honest with you, Sandipji, which have come up. And we are tracking all such investments for SAF. There are international opportunities which are there, and we are very much plugged into it. For example, we are right now concluding an engineering assignment for an international customer, and we expect that this will convert into another order for what is called as detailed engineering for construction of a plant in the time to come.

So, although SAF has been talked about for a while, but the investments have been a little bit subdued in the past few years, mainly because the strong mandates for using SAF in the aviation turbine fuel have been delayed. So, we are ready at Praj, and as soon as those things come up, you will see Praj also being one of the participants in that market.

On CBG as well, if you see, Praj is quite active in that market. We have got technology for different feedstocks that can be used for production of CBG, and we will continue to therefore participate in that market. So, that is the first question that you asked.

The second question you asked was about the margins. So, let me give you an overview of those margins that you talked about and why they are subdued. Especially for FY '26, I can share with you that our investments in Praj GenX continue, and therefore any investment which has a long gestation period, we have to be a little patient about it, so we continue to invest in that. Second thing was we did experience some escalation of cost in our execution, and that of course impacted our profitability because our revenues remained flat, but the cost of execution went up. And I think Sachin explained that to another question that was asked to us. And the third thing was we did experience some one-timers which were non-business related in FY '26, and they impacted our bottom line. So, going forward, we would like to learn from these and therefore work on the profitability for a better result in FY '27.

On the MD and joint MD, I think it is essentially because our work has expanded and there are multiple areas in which the company is working on. So, it is more like we both taking on all those work fronts where management oversight and management intervention is required so that we make the company ready for a next five-year plan. And that is the basic intent of elevating Sachin to the Joint Managing Director position and therefore manage the bandwidth that we both have.

Sandip Sabharwal:

You are CEO of a much larger company, Honeywell, and that company is also doing very well as all of us know. And my limited point at the end is that engineering companies in general today in India are doing extraordinarily well, like the majority of them. Praj has been around for a long time and has invested in technology, people have invested in technology a lot, and I think ultimately the management needs to work for the shareholders.

Sachin Raole: Sorry, Sandip, it is very difficult to understand. Sorry, Sandip, your voice is cracking and it is difficult to get you what you want to say.

Sandip Sabharwal: So, what I am saying is that engineering companies in general in India are doing very well at this stage. And Praj has invested in a lot of technologies, and right now it seems that the company is working more for the employees because of the kind of investment you have done in the GenX plant and the results for the shareholders are not coming. We are just hoping that...

Ashish Gaikwad: We are not able to hear you again, Sandip ji.

Moderator: We will take the next question from the line of Vardhman Lunia from Trisula Capital. Please proceed with your question.

Vardhman Lunia: Hi, Ashish and Sachin, good afternoon. I just have one question. In terms of capabilities, what exactly is the synergy between our bioengineering business and what we are doing for data centers?

Moderator: Vardhman, sir, please proceed with your question.

Vardhman Lunia: Hi, Ashish and Sachin, good afternoon. I just have one question. So, in terms of capabilities, what exactly is the synergy between our bioengineering capabilities and what we are doing for data centers?

Ashish Gaikwad: So, this is a good question, and it gives us an opportunity to position this correctly. As you know, data centers, which are coming up, especially because of the growth in artificial intelligence demand in various sectors, these are the energy-guzzling infrastructures. They take a lot of energy for the compute power that needs to be provided to the customers, and it generates a lot of heat, and that heat needs to be managed properly so that the data centers can perform their tasks. Where Praj in the short term is working on is to provide the infrastructure that goes into the cooling systems for the data centers, right? And this is specially designed with special material of construction type of skids or the modules that go into the server rooms of the data centers for cooling the server cabinets. So, that is what we are focusing on in the short term.

In the long term, our vision is that we can expand into other areas of the data center and provide technologies. For example, because the energy requirement for data centers is large, it may be advisable that we use renewable energy for such data centers, for medium-sized or large-sized data centers, and that is where we believe that the bioenergy can be one of the options for the data center operators to be used because it is a renewable energy. So, that is where we are also looking at opportunities in the future.

Vardhman Lunia: That is very clear, and great things are happening across the board, and I am sure we will do very well over the medium to long term.

Moderator: The next question is from the line of Arun Zawar, an individual investor. Please proceed with your question.

Arun Zawar: What is the R&D spending which is done in last year, sir, FY '26?

Sachin Raole: In FY '26, total spend is almost Rs. 65 crores, Rs. 66 crores. Out of that, around Rs. 20 crores will be on CapEx, and around Rs. 45 crores, Rs. 46 crores will be on the OpEx.

Arun Zawar: I am asking R&D, sir, research and development.

Sachin Raole: I am talking about R&D expenses split into two parts, where we have spent on the building of our lab, additional equipment which we have taken, worth of around Rs. 20 crores, and on the OpEx side where the demo plant is running, the people who are working in the R&D are there. We have almost 100 scientists working there. We keep on testing different feedstocks. So, I am talking about that expense is almost around Rs. 45 crores, Rs. 46 crores.

Arun Zawar: This Rs. 45 crores, Rs. 46 crores is already sitting in our other expenses, right, sir?

Sachin Raole: Yes, that is right.

Arun Zawar: Sir, when we come to the Q4 margins, do you think that worst is over in terms of margins or still worst is left behind in terms of margins?

Sachin Raole: No, so to be very frank with you, what reason which we are talking about for the drop in the margin in the last quarter and overall in the entire year of FY '26, mainly the execution challenges which we face, we believe that those challenges are actually getting completely over for a reason because the execution cycle for the projects which we are right now executing, the cycle times are a little less. They are not very big cycle times projects because from the Greenfield we are moving to Brownfield, and the sizes of the projects are also very different.

So, we believe that the execution challenges are definitely taken care of, and the focus for FY '27 from our side is also going to be more on the operational excellence, and we are completely geared up for that. So, I think to a great extent the worst is over.

Arun Zawar: Sir, another point like other investor also mentioned, we are like lagging in terms of performance in revenues, top lines, margins since last three years. So, would it be fair to tell that management can do a buyback to just give some value to the shareholders rather than giving a dividend and then give some bonus or a split to the existing share value?

Sachin Raole: This is a Board matter, Arun, but we will definitely take this feedback to our Board.

Arun Zawar: Okay, sir.

Sachin Raole: Thank you very much, Arun.

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

Sandip Bhadkamkar: So, thank you, everyone, for your time today. In case you have any more questions, feel free to write us at info@praj.net, and we look forward to meet you again on the next analyst call. So, thanks a lot. Have a nice day.

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