

New Growth Engines Emerging Beyond 1G Ethanol; Maintain HOLD
Est. Vs. Actual for Q1FY27: Revenue - **BEAT**; EBITDA - **BEAT**; PAT - **BEAT**
Changes in Estimates post Q1FY27
FY27E/FY28E: Revenue: -5%/-7%; EBITDA: -10%/-1%; PAT: -16%/-10%

Recommendation Rationale

- **Praj GenX: Data Centre Orders Create a New Growth Engine:** Praj GenX's multi-year agreement with a global EPC player for data-centre fabrication provides a minimum revenue opportunity of Rs 500 Cr over 2.5 years. The shorter execution cycle and higher capacity utilisation at Mangalore should support a faster ramp-up and help GenX reach EBITDA break-even by FY27-end, reducing dependence on the policy-driven bioenergy business.
- **Advanced Biofuels and CBG Offer Structural Growth Opportunities:** While near-term 1G ethanol capex remains subdued due to customer funding constraints, Praj is expanding its advanced biofuel pipeline. Its first commercial-scale Bio-IBA demonstration order, targeted for completion by Dec'26, could address a market of >Rs 3,000 Cr if a 2% diesel-blending mandate is introduced. The Rs 23,731 Cr GOBARDhan scheme also strengthens the regulatory and commercial framework for CBG adoption, supporting Praj's multi-feedstock technology offering.
- **Semiconductor Water Solutions Expand Exposure to High-Barrier Capex:** Praj's first integrated order for high-purity water and ZLD solutions from an Indian semiconductor manufacturer marks an entry into the fast-growing BSS (Batteries, Semiconductors and Solar) capex opportunity. The stringent water-quality requirements in these industries create high entry barriers and offer Praj an avenue to diversify its order book beyond cyclical ethanol capex, with potential for better-margin opportunities.
- **Strong Order Book and Net Cash Support Earnings Visibility:** Despite near-term margin pressure from export mix and project execution, Praj ended Q1FY27 with a healthy order backlog of Rs 4,589 Cr, up from Rs 4,305 Cr in Q4FY26, supported by quarterly order intake of Rs 1,000 Cr. Its net cash position, with Rs 6.2 Bn of cash as of Jun'26, provides ample flexibility to fund R&D in areas such as SAF and biogenic CO₂ capture, withstand cyclical volatility and sustain shareholder returns.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: Management expects consolidated margins to improve as recently booked, high-margin international export orders (40–43% of Q1 intake) enter execution, alongside a rising share of high-margin physical and digital services. While no formal margin guidance has been provided, profitability should also benefit from Praj GenX, which targets EBITDA break-even by year-end, supported by rapid hyperscale data centre modular fabrication orders. The alternative fuels outlook remains strong, backed by the GOBARDhan scheme, which provides regulatory and pricing visibility for CBG infrastructure. Praj is also advancing its biomaterials roadmap, with the sugarcane-to-isobutanol (Bio-IBA) demo plant targeted for completion by Dec'26, while commercialisation of Bio-bitumen and Lactic Acid (PLA) is expected to make tangible progress by year-end.

Valuation: 21x FY28E (Earlier Valuation: 21x FY28E)

Current TP: Rs 350/share (Earlier TP: Rs 370/share)

Recommendation: We maintain our **HOLD** rating on the stock.

Financial Performance: Performance beat expectations across all Fronts. The company reported revenue of Rs 716 Cr, up 12% YoY but down 15% QoQ, beating our estimates by 9%. EBITDA stood at Rs 30 Cr, down 16% YoY but up 29% QoQ, beating our estimates by 3%. EBITDA margin stood at 4.2%, down from 5.6% in Q1FY26. PAT came in at Rs 12 Cr, up 117% YoY but flat QoQ, significantly above our estimates. Order intake during the quarter stood at Rs 1,000 Cr, compared to Rs 658 Cr in the preceding quarter.

Outlook: Praj Industries Ltd continues to focus on expanding its portfolio and strengthening its existing capabilities. The company has also started diversifying product offerings from its Mangalore GenX facilities, which is likely to improve utilisation levels to some extent. With a conducive regulatory environment in India and an improving tariff situation, momentum is likely to pick up from FY27. Additionally, the focus on newer offerings is expected to create new growth opportunities.

Valuation & Recommendation: We have lowered our FY27E/FY28E earnings estimates to factor in softer domestic ethanol capex, slower project execution and ongoing investments in the GenX business. We continue to value the stock at 21x FY28E earnings, resulting in a revised **target price of Rs 350/share** (earlier Rs 370/share). The revised target implies a potential upside of ~4% from the CMP. Accordingly, we maintain our **HOLD** rating on the stock.

Key Financials (Consolidated)

(Rs Cr)	Q1FY27	YoY (%)	QoQ (%)	Axis Est.	Variance
Net Sales	716	12%	-15%	658	9%
EBITDA	30	-16%	29%	29	3%
EBITDA Margin	4.20%	-137bps	144bps	4.44%	-25bps
Net Profit	12	117%	0%	7	60%
EPS (Rs)	0.6	117%	0%	0.4	60%

Source: Company, Axis Securities Research

(CMP as of 14th August, 2026)

CMP (Rs)	335
Upside /Downside (%)	4%
High/Low (Rs)	512/273
Market cap (Cr)	6,162
Avg. daily vol. (1m) Shrs.	10,96,526
No. of shares (Cr)	18.4

Shareholding (%)

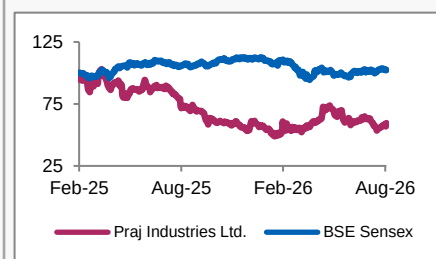
	Dec-25	Mar-26	Jun-26
Promoter	32.8	32.8	32.8
FII's	17.3	17.7	17.7
DII's	13.6	12.7	14.1
Retail	36.2	36.8	35.3

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	3,168	3,566	4,609
EBITDA	152	300	554
Net Profit	24	145	298
EPS (Rs)	1.3	7.9	16.2
PER (x)	258.1	42.4	20.6
EV/EBITDA (x)	39.6	20.0	10.9
ROE (%)	2%	11%	19%

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-5%	-7%
EBITDA	-10%	-1%
PAT	-16%	-10%

Relative Performance


Source: ACE Equity, Axis Securities Research

Results Gallery
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
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Key Highlights

- **Financial Performance:** Consolidated Revenue grew 12% YoY to Rs 716 Cr (down 15% QoQ from Rs 845 Cr in Q4FY26). EBITDA was Rs 30 Cr (down 16% YoY), with consolidated EBITDA margins contracting by 137 bps YoY to 4.2% (though up 144 bps QoQ). PAT witnessed a strong surge of 117% YoY to Rs 12 Cr.
- **Order Book & Execution Dynamics**
 - ✓ **Robust Order Intake:** Q1FY27 order intake stood at **Rs 1,000 Cr** (up from Rs 795 Cr in Q1FY26 and Rs 658 Cr in Q4 FY26).
 - ✓ **Segmental intake:** Bioenergy - 62%; Engineering - 28%; HiPurity - 10%.
 - ✓ **Geographical intake:** Domestic - 57%; Export - 43%.
 - ✓ **Strong Backlog:** Total order backlog reached **Rs 4,589 Cr** (+4.1% over Q4FY26 backlog of Rs 4,305 Cr).
 - ✓ **Backlog composition:** Bioenergy - 77%; Engineering - 18%; HiPurity - 5%. Exports make up a significant 37% of the backlog.
 - ✓ **Execution Delays:** Management highlighted that funding-related issues at the customer level persist, leading to extended execution cycles and slower conversion of the domestic 1G ethanol project backlog to revenues.
- **Bioenergy (66% of Segment Revenue) – Pivot to Next-Gen Biofuels & International Markets**
 - ✓ **Domestic 1G Slowdown:** Greenfield domestic first-generation (1G) ethanol projects are experiencing a marked slowdown. Current greenfield inquiries are restricted to ethanol-deficit states like Tamil Nadu and Assam.
 - ✓ **Brownfield Opportunity:** Since greenfield is slow, customers are prioritising efficiency upgrades, ENA (Extra Neutral Alcohol) plants, and value-added co-products like Distiller's Corn Oil (DCO).
 - ✓ **International Marquee Win:** Praj secured a landmark order for a greenfield 800 klpd grain-to-ethanol (corn) plant in Brazil, which serves as a major reference project in South America. The company is actively engaging in E15 opportunities in the US, as well as in Indonesia, Vietnam, Kenya, and several Latin American nations.
- **Advanced Biofuels (Bio-Prism & CBG):**
 - ✓ **Bio-IBA:** Received India's first order for a commercial-scale demo plant for sugarcane-to-isobutanol (Bio-IBA). Management estimates that just a 2% blending mandate in diesel has a potential project opportunity of >Rs 3,000 Cr. Construction is slated for completion by Dec'26.
 - ✓ **Sustainable Aviation Fuel (SAF):** Received a detailed engineering order for an ethanol-to-SAF plant from an international player. The approval of sugarcane derivatives for jet pathways by the International Civil Aviation Organisation (ICAO) is expected to accelerate adoption.
 - ✓ **Compressed Biogas (CBG):** The Union Cabinet's approval of the GOBARdhan scheme with a Rs 23,731 Cr outlay is expected to transform CBG into a bankable asset. Praj is ready to deploy its proven technology on pressmud, rice straw, and Napier grass feedstocks.
- **Engineering / Praj GenX (22% of Segment Revenue) – Monetising the Data Centre Wave**
 - ✓ **Hyperscale Data Centre Framework:** Praj GenX signed an exclusive framework agreement with a global EPC to supply precision fabrication modules for server halls and cooling infrastructure in hyperscale data centres.
 - ✓ **Scale and Visibility:** The contract guarantees a minimum business volume of ~\$50 Mn (approx. Rs 400+ Cr) over 2.5 years. The data centre segment orders have much shorter delivery cycles compared to conventional projects, and Q1 data centre orders are targeted for delivery within the current fiscal year.
 - ✓ **GenX Breakeven:** GenX EBITDA breakeven is anticipated by the end of FY27 as volumes build up.
 - ✓ **Praj HiPurity & ZLD (12% of Segment Revenue) – Tapping the Semiconductor Opportunity**
 - ✓ **Emerging Segments:** Emerging opportunities in Batteries, Semiconductors, and Solar panels (BSS) are key growth vectors.
 - ✓ **Semiconductor Combined Win:** Received its first combined contract from a semiconductor manufacturer in India for ultra-pure water and Zero Liquid Discharge (ZLD) systems.

- **Margin Outlook & Product Mix**

- ✓ **Margin Trajectory:** Q1FY27 consolidated margins were impacted by lower-margin export execution (specifically in Africa as opposed to higher-margin Americas/Europe in the prior period) and domestic project mix. Standalone margins faced higher "site activities" execution, which is compensated by lower material costs.
- ✓ **Margin Improvement:** Management expects margins to improve going forward, driven by a better mix of international business, a higher share of the services business (which carries better margins than projects), and contributions from new-age biofuels.
- ✓ **Structural Levers for Margin Expansion:**
- ✓ **Life Cycle Services (LCS):** This high-margin services segment is growing steadily. Management is leveraging its large installed base to upsell performance enhancers (recent trials in Latin America) and biogenic CO2 capture.
- ✓ **GenX Ramp-Up:** Short-cycle, high-value data centre fabrication orders will build operational leverage.
- ✓ **Alternative Fuels:** Commercial scale-up of CBG and Bio-IBA projects over the medium term.

Key Risks to Our Estimates and TP

- Changes in the pace of order execution or cancellation of orders.
- Changes in government policies and/or international policies and regulations.
- Advent of newer technologies leading to changes in business models/prospects.

Change in Estimates
(Rs Cr)

	Revised		Old		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	3,566	4,609	3,765	4,970	-5%	-7%
EBITDA	300	554	332	558	-10%	-1%
PAT	145	298	172	332	-16%	-10%

Source: Company, Axis Securities Research

Q1FY27 Results Review

(Rs Cr)	Q1FY26	Q4FY26	Q1FY27 Axis Est	Q1FY27	YoY Growth (%)	QoQ Growth (%)	Axis Variance
Revenue	640	845	658	716	12%	-15%	9%
Net Raw Material consumed	298	483	322	391	31%	-19%	
Gross Profit	342	361	335	325	-5%	-10%	
Gross Margin %	53.4%	42.8%	51.0%	45.4%	-803bps	262bps	-563bps
Employee	82	96	96	82	1%	-14%	
Other Expenses	224	242	210	212	-5%	-12%	
Total Expenditure	605	821	629	686	13%	-16%	
EBITDA	36	23	29	30	-16%	29%	3%
EBITDA Margin	5.6%	2.8%	4.4%	4.2%	-137bps	144bps	-25bps
Less: Depreciation	25	27	27	25	0%	-7%	
EBIT	15	21	18	25	67%	20%	
Less: Net Interest	5	5	5	4	-28%	-28%	
Add: Other income	4	24	15	20	355%	-18%	
Profit Before Extraordinary Items and Tax	10	15	13	21	119%	36%	
Less: Extraordinary Expense (net)	-	-8.1	-	-			
Profit Before Tax	10	24	13	21	119%	-11%	
Less: Total Tax	4	12	5	9	121%		
Profit After Tax	5	12	7	12	117%	0%	60%
Reported EPS (Rs)	0.3	0.6	0.4	0.6	117%	0%	60%

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	3,466	3,228	3,168	3,566	4,609
Raw Material	1,962	1,655	1,620	1,816	2,305
Employee benefit expenses	319	349	346	359	451
Other Expenses	814	910	1,050	1,090	1,300
EBITDA	372	315	152	300	554
Other income	59	61	50	80	60
PBIDT	431	376	202	380	614
Depreciation	44	86	106	102	102
Pre-tax profit	377	270	76	263	497
Tax provision	94	80	26	118	199
RPAT	283	219	24	145	298

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share Capital	37	37	37	37	37
Reserves & Surplus	1,238	1,345	1,272	1,418	1,716
Total Equity	1,275	1,382	1,309	1,454	1,753
Total Non-Current Liabilities	162	174	128	128	128
Trades Payable	497	482	586	507	631
Other Current Liabilities	793	990	899	899	899
Total Current Liabilities	1,459	1,605	1,619	1,540	1,664
Total Capital Employed	2,895	3,160	3,056	3,123	3,545
Net Block	407	446	448	481	523
Goodwill	63	63	63	63	63
Total Non-Current Assets	671	730	688	721	763
Cash	168	126	142	30	149
Inventory	221	253	266	239	284
Receivables	836	556	559	733	947
Investments	402	358	407	407	407
Total Current Assets	2,224	2,430	2,368	2,401	2,781
Total Assets	2,895	3,160	3,056	3,123	3,545

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net Profit Before Tax	377	299	50	263	497
Depreciation	44	86	106	102	102
Working Capital Changes	-97	-200	118	-225	-136
Tax Paid	-104	-103	-70	-118	-199
Cash From Operating Activities	199	43	200	37	279
Cash From Investing Act	-10	71	-6	-135	-144
Cash Flow from Financing	-124	-161	-187	-15	-15
Change in Cash	65	-47	6	-113	120
Opening Cash	99	168	126	142	30
Closing Cash	168	126	142	30	149

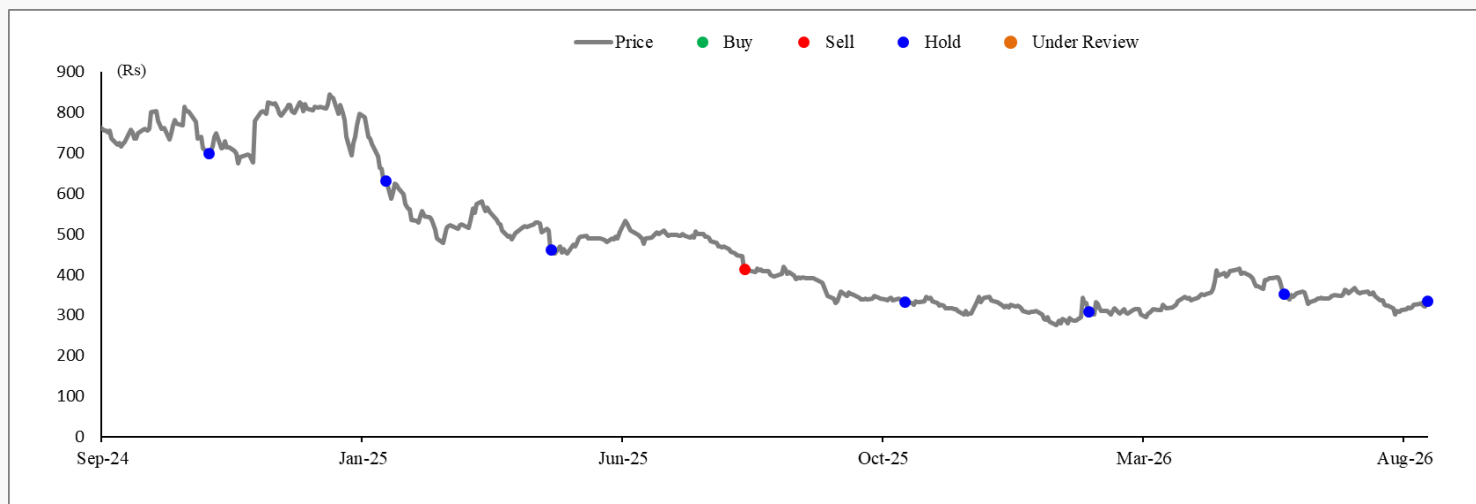
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Operational Ratios					
Gross profit margin	43%	49%	49%	49%	50%
EBITDA margin	11%	10%	5%	8%	12%
PAT margin	8%	7%	1%	4%	6%
Growth Indicators					
Sales growth	-2%	-7%	-2%	13%	29%
EBITDA growth	21%	-15%	-52%	98%	85%
PAT growth	18%	-23%	-89%	509%	105%
Efficiency Ratios					
Total Asset Turnover (x)	1.3	1.1	1.0	1.2	1.4
Inventory turnover (x)	7.1	7.0	6.2	7.2	8.8
Sales/Working Capital	6.2	10.2	13.4	7.3	6.8
Liquidity Ratios					
Total Debt/Equity(x)	0.00	0.00	0.00	0.00	0.00
Total Asset/Equity(x)	2.28	2.31	2.24	2.08	2.02
Current Ratio(x)	1.52	1.51	1.46	1.56	1.67
Quick Ratio(x)	1.37	1.36	1.30	1.40	1.50
Interest Cover(x)	37.99	16.72	7.49	20.11	37.11
Per Share Data					
Earnings Per Share (Rs)	15.43	11.92	1.30	7.91	16.23
Valuation Ratios					
Adjusted PE (x)	21.7	28.1	258.1	42.4	20.6
Price / Book Value(x)	4.8	4.5	4.7	4.2	3.5
EV/Net Sales(x)	1.7	1.9	1.9	1.7	1.3
EV/EBITDA(x)	16.2	19.1	39.6	20.0	10.9
EV/EBIT(x)	15.5	20.8	62.3	21.6	11.7
Return Ratios					
ROA	10%	7%	1%	5%	9%
ROE	24%	16%	2%	11%	19%
ROCE	30%	19%	6%	18%	30%

Source: Company, Axis Securities Research

Praj Industries Price Chart and Recommendation History



Date	Reco	TP	Research
29-Oct-24	HOLD	765	Result Update
01-Feb-25	HOLD	690	Result Update
02-May-25	HOLD	500	Result Update
13-Aug-25	SELL	350	Result Update
07-Nov-25	HOLD	340	Result Update
16-Feb-26	HOLD	325	Result Update
01-Jun-26	HOLD	370	Result Update
17-Aug-26	HOLD	350	Result Update

Source: Axis Securities Research

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.