

February 13, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		HOLD	
Target Price	340		353	
Sales (Rs. m)	35,914	41,090	34,816	39,496
% Chng.	3.2	4.0		
EBITDA (Rs. m)	3,196	4,047	3,377	4,029
% Chng.	(5.4)	0.5		
EPS (Rs.)	11.2	15.0	12.1	15.0
% Chng.	(8.0)	0.2		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	32,280	32,097	35,914	41,090
EBITDA (Rs. m)	3,149	1,852	3,196	4,047
Margin (%)	9.8	5.8	8.9	9.9
PAT (Rs. m)	1,983	751	2,054	2,759
EPS (Rs.)	10.8	4.1	11.2	15.0
Gr. (%)	(30.0)	(62.1)	173.6	34.3
DPS (Rs.)	4.3	1.6	5.4	7.2
Yield (%)	1.4	0.5	1.7	2.3
RoE (%)	14.9	5.5	14.3	17.1
RoCE (%)	15.1	5.1	13.1	16.3
EV/Sales (x)	1.6	1.7	1.4	1.2
EV/EBITDA (x)	16.9	28.8	16.2	12.4
PE (x)	28.6	75.5	27.6	20.6
P/BV (x)	4.1	4.2	3.7	3.3

Key Data

PRAJ.BO | PRJ IN

52-W High / Low	Rs.592 / Rs.273
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.57bn/ \$ 626m
Shares Outstanding	184m
3M Avg. Daily Value	Rs.789m

Shareholding Pattern (%)

Promoter's	32.81
Foreign	17.32
Domestic Institution	13.64
Public & Others	36.23
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.2	(23.8)	(45.1)
Relative	1.4	(25.7)	(49.4)

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Soft Q3; blurred outlook amid slower domestic 1G

Quick Pointers:

- Liquidity challenges for customers continue to delay greenfield ethanol capacity investments and elongate execution cycles for Praj.
- Praj received two major orders valued at Rs1.0bn+ each in ZLD and Brewery. It also won a major CCUS skids order for its GenX facility.

The company reported a weak quarter, with revenue rising marginally by 1.4% YoY and EBITDA margin contracting by 124bps YoY to 5.6%. Praj's GenX facility secured a breakthrough order for CCUS skids, marking the start of production at the facility, albeit outside the originally envisaged ETCA pipeline, while management continues to expect FY27 to be the breakeven year for GenX with a targeted order intake of ~Rs5.0bn. Domestically, the slowdown in greenfield ethanol projects continues to weigh on BioEnergy order inflows, even as supportive policy developments in export markets aid international growth, with recent tariff reductions and the India-EU FTA expected to further enhance competitiveness overseas. Meanwhile, Praj's diversification across CBG, Bio-bitumen, biopolymers, SAF and data centers is gradually gaining traction. The stock is trading at a P/E of 27.6x/20.6x on FY27/28E. We cut our FY27E EPS estimates by -8.0%, factoring in lower domestic demand and execution delays in BioEnergy. We upgrade our rating from 'Hold' to 'Accumulate' due to recent sharp correction in the stock price valuing the stock at a PE of 26x Sep'27E (same as earlier) arriving at a revised TP of Rs340 (Rs353 earlier).

Praj's near-term prospects remain weak amid weaker order intake, liquidity challenges in the domestic market and lack of visibility for greenfield 1G ethanol opportunities. However, its long-term growth may be aided by the prospective mandates for ethanol blending in petrol to 25%-30% and blending in diesel, along with co-product development opportunities with existing ethanol plants and better order bookings for its GenX facility.

Softer revenue growth due to weaker execution in BioEnergy: Consolidated declined by 1.4% YoY to Rs8.4bn (PLe: Rs8.2bn). EBITDA declined 19.2% YoY to Rs473mn (Ple: Rs549mn) while EBITDA margin contracted by 124bps YoY to 5.6% primarily due to higher other expenses (+17.3% YoY to Rs2.6bn) partially offset by lower employee costs (-10.7% YoY to Rs814mn). Adj. PBT declined 63.3% YoY to Rs216mn (PLe: Rs473mn) due to lower other income (-78.9% YoY to Rs59mn). Adj. PAT declined 49.3% YoY to Rs209mn (PLe: Rs341mn) due to weaker operating performance. Company reported exceptional expenses of Rs344mn relating to the impact of new labour codes.

BioEnergy intake remains lower amid slowdown in greenfield 1G enquiries: Q3 order inflow fell by 13.2% YoY to Rs9.1bn primarily due to lower order intake in BioEnergy segment (-51.8% YoY to Rs4.1bn) partially offset by Engineering (355.7% YoY Rs1.1bn vs low base) and HiPurity (+2.6% YoY to Rs1.2bn). Domestic/export inflow mix stood at 68%/32% (vs 60%/40% in Q3FY25). Order

book stands at Rs44.9bn (1.4x TTM revenue) – 77%/5%/18% in BioEnergy/HiPurity/Engineering and 66%/34% in domestic/exports.

Exhibit 1: Significantly lower other income (~78.9% YoY to Rs59mn) weighed on the adj. profitability

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	% Var.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Revenue	8,415	8,530	-1.4%	8,193	2.7%	8,416	0.0%	23,233	23,684	-1.9%
Gross Profit	3,870	3,700	4.6%	3,925	-1.4%	4,578	-15.5%	11,867	11,258	5.4%
Margin (%)	46.0	43.4	262	47.9	(190.6)	54.4	(840)	51.1	47.5	355
Employee Cost	814	912	-10.7%	836	-2.6%	866	-6.0%	2,499	2,535	-1.4%
as % of sales	9.7	10.7	(101)	10.2	(52.8)	10.3	(62)	10.8	10.7	5
Other expenditure	2,583	2,203	17.3%	2,540	1.7%	3,154	-18.1%	7,981	6,328	26.1%
as % of sales	30.7	25.8	488	31.0	(30.0)	37.5	(677)	34.3	26.7	763
EBITDA	473	586	-19.2%	549	-13.8%	558	-15.3%	1,388	2,395	-42.1%
Margin (%)	5.6	6.9	(124)	6.7	(107.9)	6.6	(101)	6.0	10.1	(414)
Depreciation	266	233	14.1%	260	2.1%	267	-0.6%	785	640	22.6%
EBIT	207	353	-41.2%	289	-28.2%	291	-28.8%	603	1,755	-65.6%
Margin (%)	2.5	4.1	(167)	3.5	(106.1)	3.5	(100)	2.6	7.4	(481)
Other Income	59	279	-78.9%	210	-72.0%	54	8.1%	157	507	-69.0%
Interest	50	44	14.5%	26	93.0%	50	1.0%	152	140	8.3%
PBT (ex. Extra-ordinaries)	216	588	-63.3%	473	-54.3%	296	-27.0%	608	2,121	-71.3%
Margin (%)	2.6	6.9	(433)	5.8	(320.4)	3.5	(95)	2.6	9.0	(634)
Extraordinary Items	(344)	-	-	-	-	-	-	(344)	282	-
PBT	(128)	588	-121.8%	473	-127.1%	296	-143.3%	264	2,403	-89.0%
Total Tax	(4)	177	-102.5%	132	-103.4%	103	-104.3%	141	612	-76.9%
Effective Tax Rate (%)	3.5	30.1	(2,662)	28.0	(2,450.2)	34.9	(3,138)	53.6	25.5	2,816
Reported PAT	(124)	411	-130.1%	341	-136.4%	193	-164.2%	122	1,791	-93.2%
Adj. PAT	209	411	-49.3%	341	-38.8%	193	8.1%	455	1,570	-71.0%
Margin (%)	2.5	4.8	(234)	4.2	(167.8)	2.3	19	2.0	6.6	(467)
Adj. EPS	1.1	2.2	-49.3%	1.9	-38.8%	1.0	8.1%	2.5	8.5	-71.0%

Source: Company, PL

Exhibit 2: Weaker execution in BioEnergy led to YoY degrowth of 1.4% to Rs8.4bn

Segment Revenue (Rs mn)	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	% Var.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Bio Energy	5,960	6,230	-4.3%	5,508	8.2%	5,410	10.2%	15,196	16,870	(9.9)
HiPurity	890	740	20.3%	968	-8.0%	850	4.7%	2,482	1,900	30.6
Engineering	1,560	1,560	0.0%	1,718	-9.2%	2,160	-27.8%	5,553	4,910	13.1
Total	8,410	8,530	-1.4%	8,193	2.6%	8,420	-0.1%	23,231	23,680	(1.9)
Mix (%)										
Bio Energy	70.8	73.0	(3.0)	67.2	360.3	64.3	655	65.4	71.2	(8.2)
HiPurity	10.6	8.7	21.9	11.8	(123.5)	10.1	48	10.7	8.0	33.2
Engineering	18.5	18.3	1.4	21.0	(242.6)	25.7	(713)	23.9	20.7	15.3
Geographic Revenue (Rs mn)										
Domestic	5,535	6,781	-18.4%	5,080	9.0%	4,458	24.2%	13,898	18,123	(23.3)
Export	2,880	1,749	64.6%	3,113	-7.5%	3,958	-27.3%	9,335	5,561	67.9
Total	8,415	8,530	-1.4%	8,193	2.7%	8,416	0.0%	23,233	23,684	(1.9)
Mix (%)										
Domestic	65.8	79.5	(17.3)	62.0	377.7	53.0	1,281	59.8	76.5	(21.8)
Export	34.2	20.5	66.9	38.0	(377.7)	47.0	(1,281)	40.2	23.5	71.1

Source: Company, PL

Conference Call Highlights

- **1G Ethanol:** With EBP20 capacity requirements already surpassed, enquiries for greenfield projects have slowed, while interest in brownfield expansions is picking up as existing customers focus on improving operational efficiencies. However, execution timelines for ongoing projects remain extended due to funding constraints in greenfield developments. On the international front, supportive policy developments across Indonesia, Panama, Argentina, Guatemala, Costa Rica and Bolivia are encouraging, alongside gradual strengthening of technology capabilities across multiple feedstocks in the CBG segment.
- **GenX:** The company secured a key breakthrough order for CCUS skids from a global oil major, with 50-60% of execution slated for FY27 and potential for follow-on orders. While the gestation period for GenX investments continues, **management remains confident of achieving breakeven in FY27**. The audit and approval count has risen to 12, supported by four framework agreements, positioning GenX for a targeted order intake of ~Rs5.0bn in FY27, against an estimated breakeven revenue of Rs4.0-5.0bn.
- **Two major orders, ~Rs1.0bn+ each** received in ZLD and Brewery businesses. These orders are currently under execution with a total execution period of 12-18 months.
- **ZLD:** The regulatory push toward stricter emissions compliance for manufacturing industries is creating a favorable demand environment, with new opportunities emerging across battery, solar panel and semiconductor segments. This momentum is reflected in a significant order win from a leading metal major for an integrated plant encompassing effluent treatment, water recycling and ZLD solutions.
- **Data Center opportunities:** Data centers are emerging as a new business opportunity, which will be addressed through the GenX facility, with the company currently focusing on international markets. The initial scope is centered on precision fabrication for cooling systems, specifically piping and structural frames.
- **Implications from tariff reduction and India-EU FTA:** The restriction on ethanol imports from the USA to India remains a positive for Praj, while lowered tariffs in the US and zero tariffs in the EU are expected to enhance the company's competitiveness across key export markets.
- **SAF opportunity in the USA:** The company is currently executing a detailed engineering services order in the USA, expected to be completed by April 2026. Upon completion, the customer is likely to take an investment decision, which could potentially translate into additional SAF orders.
- **Diesel blending:** The company is developing Bio-Isobutanol for commercial blending of ethanol with diesel. Given the widespread use of diesel in India's commercial transportation sector, any meaningful traction in diesel blending would enable Praj to commercialize this technology.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	32,280	32,097	35,914	41,090
YoY gr. (%)	(6.9)	(0.6)	11.9	14.4
Cost of Goods Sold	16,546	16,096	19,393	22,086
Gross Profit	15,734	16,000	16,520	19,004
Margin (%)	48.7	49.9	46.0	46.3
Employee Cost	3,489	3,460	3,771	4,191
Other Expenses	2,911	4,750	2,945	3,205
EBITDA	3,149	1,852	3,196	4,047
YoY gr. (%)	(15.3)	(41.2)	72.6	26.6
Margin (%)	9.8	5.8	8.9	9.9
Depreciation and Amortization	864	1,053	1,060	1,091
EBIT	2,284	799	2,136	2,957
Margin (%)	7.1	2.5	5.9	7.2
Net Interest	188	209	108	49
Other Income	608	417	718	781
Profit Before Tax	2,986	664	2,746	3,688
Margin (%)	9.2	2.1	7.6	9.0
Total Tax	796	169	692	929
Effective tax rate (%)	26.7	25.5	25.2	25.2
Profit after tax	2,189	494	2,054	2,759
Minority interest	0	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,983	751	2,054	2,759
YoY gr. (%)	(30.0)	(62.1)	173.6	34.3
Margin (%)	6.1	2.3	5.7	6.7
Extra Ord. Income / (Exp)	206	(257)	-	-
Reported PAT	2,189	494	2,054	2,759
YoY gr. (%)	(22.7)	(77.4)	315.6	34.3
Margin (%)	6.8	1.5	5.7	6.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,189	494	2,054	2,759
Equity Shares O/s (m)	184	184	184	184
EPS (Rs)	10.8	4.1	11.2	15.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	8,549	9,399	10,099	10,799
Tangibles	8,549	9,399	10,099	10,799
Intangibles	-	-	-	-
Acc: Dep / Amortization	4,084	5,136	6,197	7,287
Tangibles	4,084	5,136	6,197	7,287
Intangibles	-	-	-	-
Net fixed assets	4,465	4,262	3,902	3,511
Tangibles	4,465	4,262	3,902	3,511
Intangibles	-	-	-	-
Capital Work In Progress	1,384	1,384	1,384	1,384
Goodwill	-	-	-	-
Non-Current Investments	1,104	1,102	1,150	1,216
Net Deferred tax assets	(30)	(30)	(30)	(30)
Other Non-Current Assets	88	96	108	123
Current Assets				
Investments	3,584	3,210	3,591	4,109
Inventories	2,533	2,462	2,755	3,152
Trade receivables	5,560	5,540	6,100	6,867
Cash & Bank Balance	1,812	2,074	3,423	4,463
Other Current Assets	10,923	11,234	11,851	13,354
Total Assets	31,604	31,525	34,444	38,384
Equity				
Equity Share Capital	368	368	368	368
Other Equity	13,450	13,151	14,905	16,678
Total Network	13,818	13,519	15,273	17,046
Non-Current Liabilities				
Long Term borrowings	1,503	1,503	1,503	1,503
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	446	446	446	446
Trade payables	4,823	4,836	5,510	6,417
Other current liabilities	10,983	11,189	11,681	12,942
Total Equity & Liabilities	31,604	31,525	34,444	38,384

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	2,986	664	2,746	3,688
Add. Depreciation	864	1,053	1,060	1,091
Add. Interest	4	209	108	-
Less Financial Other Income	608	417	718	781
Add. Other	(396)	-	-	49
Op. profit before WC changes	3,458	1,925	3,915	4,828
Net Changes-WC	(2,000)	(16)	(384)	(606)
Direct tax	(1,028)	(169)	(692)	(929)
Net cash from Op. activities	430	1,739	2,839	3,293
Capital expenditures	(435)	(850)	(700)	(700)
Interest / Dividend Income	149	-	-	-
Others	998	375	(382)	(518)
Net Cash from Invt. activities	712	(475)	(1,082)	(1,218)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(1,102)	(793)	(300)	(986)
Interest paid	(185)	(209)	(108)	(49)
Others	(322)	-	-	-
Net cash from Fin. activities	(1,608)	(1,002)	(408)	(1,035)
Net change in cash	(466)	262	1,349	1,040
Free Cash Flow	(441)	889	2,139	2,593

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	10.8	4.1	11.2	15.0
CEPS	15.5	9.8	16.9	20.9
BVPS	75.2	73.5	83.1	92.7
FCF	(2.4)	4.8	11.6	14.1
DPS	4.3	1.6	5.4	7.2
Return Ratio(%)				
RoCE	15.1	5.1	13.1	16.3
ROIC	17.3	5.8	17.1	23.2
RoE	14.9	5.5	14.3	17.1
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.3)	(0.4)
Net Working Capital (Days)	37	36	34	32
Valuation(x)				
PER	28.6	75.5	27.6	20.6
P/B	4.1	4.2	3.7	3.3
P/CEPS	19.9	31.4	18.2	14.7
EV/EBITDA	16.9	28.8	16.2	12.4
EV/Sales	1.6	1.7	1.4	1.2
Dividend Yield (%)	1.4	0.5	1.7	2.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	8,597	6,402	8,416	8,415
YoY gr. (%)	(15.6)	(8.4)	3.1	(1.4)
Raw Material Expenses	4,120	2,983	3,838	4,545
Gross Profit	4,477	3,419	4,578	3,870
Margin (%)	52.1	53.4	54.4	46.0
EBITDA	754	356	558	473
YoY gr. (%)	(40.3)	(59.0)	(40.7)	(19.2)
Margin (%)	8.8	5.6	6.6	5.6
Depreciation / Depletion	224	252	267	266
EBIT	529	104	291	207
Margin (%)	6.2	1.6	3.5	2.5
Net Interest	48	52	50	50
Other Income	101	44	54	59
Profit before Tax	583	96	296	216
Margin (%)	6.8	1.5	3.5	2.6
Total Tax	184	43	103	(4)
Effective tax rate (%)	31.6	44.4	34.9	(2.1)
Profit after Tax	398	53	193	221
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	398	53	193	221
YoY gr. (%)	(56.7)	(90.5)	(64.2)	(46.3)
Margin (%)	4.6	0.8	2.3	2.6
Extra Ord. Income / (Exp)	-	-	-	(344)
Reported PAT	398	53	193	(124)
YoY gr. (%)	(56.7)	(93.7)	(64.2)	(130.1)
Margin (%)	4.6	0.8	2.3	(1.5)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	398	53	193	(124)
Avg. Shares O/s (m)	184	184	184	184
EPS (Rs)	2.2	0.3	1.0	1.2

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	353	322
2	06-Nov-25	Hold	353	335
3	07-Oct-25	Hold	393	353
4	13-Aug-25	Hold	393	414
5	09-Jul-25	BUY	545	497
6	01-May-25	BUY	545	461
7	09-Apr-25	BUY	751	496
8	24-Mar-25	BUY	751	575

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,540	4,695
2	Apar Industries	BUY	9,629	7,695
3	BEML	Accumulate	1,922	1,740
4	Bharat Electronics	Reduce	411	453
5	BHEL	Hold	245	263
6	Carborundum Universal	Hold	825	788
7	Cummins India	Hold	4,182	4,391
8	Elgi Equipments	Accumulate	565	512
9	Engineers India	BUY	255	205
10	GE Vernova T&D India	BUY	4,050	2,911
11	Grindwell Norton	Hold	1,731	1,635
12	Harsha Engineers International	Hold	408	396
13	Hindustan Aeronautics	BUY	5,338	4,159
14	Ingersoll-Rand (India)	BUY	4,589	3,540
15	Kalpataru Projects International	BUY	1,489	1,100
16	KEC International	Accumulate	748	669
17	Kirloskar Pneumatic Company	BUY	1,557	1,068
18	Larsen & Toubro	BUY	4,806	3,794
19	Praj Industries	Hold	353	322
20	Siemens	Accumulate	3,409	3,176
21	Siemens Energy India	Accumulate	3,312	2,603
22	Thermax	Accumulate	3,374	2,916
23	Triveni Turbine	Accumulate	585	509
24	Voltamp Transformers	BUY	10,312	7,978

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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