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Sub.: Transcript of Analysts' Call held on 31st January, 2025.

Dear Sir / Madam,

Please find enclosed the Transcript of Analysts' Call of Praj Industries Ltd. held on 31st January, 2025 regarding Un-audited Financial Results (Standalone and Consolidated) for third quarter and nine months ended 31st December, 2024.

The above information will be made available on the website of the Company at www.praj.net.

This information is given pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Thanking you.

Yours faithfully,
FOR PRAJ INDUSTRIES LIMITED

ANANT
NARAYAN
BAVARE

Digitally signed by ANANT NARAYAN BAVARE
Date: 2025.02.05 13:01:02 +05'30'

ANANT BAVARE
COMPANY SECRETARY &
COMPLIANCE OFFICER
(M. NO. 21405)

Encl.: as above

Praj Industries Limited
Q3 & 9M FY25 Earnings Conference Call
January 31, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Praj Industries Limited Q3 and nine-months FY25 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. Nupur Jainkunia from Valorem Advisors. Thank you and over to you.

Nupur Jainkunia: Thank you. Good afternoon everyone and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent the Investor Relations of Praj Industries Limited. On behalf of company, I would like to thank you for all participating in the company's earnings call for the third quarter and nine months ended on 31st December 2024.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to devolve from those anticipated. Such statements are based on management's belief, as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Shishir Joshipura, CEO and Managing Director; Mr. Sachin Raole, CFO and Director Resources.

Without any further delay, I request Mr. Shishir Joshipura to start with his opening remarks. Thank you and over to you, sir.

Shishir Joshipura: Good day, everyone. I am very happy to share with you that apart from Sachin, we also have on the call our Chairman, Dr. Pramod Chaudhari today on the call. And I welcome you to Praj Industries' earning call for the quarter three and the nine months for FY25.

Trust all of you had the opportunity to go through our results for the quarter-end on December 31, 2024.

Let me start with a very exciting news. Indian Chemical Society earlier this month presented the Rasayan Udyog Shree Award to Dr. Pramod Chaudhari on the occasion of the Century of Chemistry in India. And we are all very proud that he's the recipient of this honor from the Indian Chemical Society.

The dynamics of the business environment is changing at a rapid pace driven from geopolitical developments, volatility and uncertainty in the global economy and ability of different economies to respond to these changes. Our performance this quarter reflects the resilience of our business and strategy. All our strategic initiatives are progressing as per the plan. And it is reflected in the growing order book with increased share of international business over the last three quarters. This quarter saw share of international order book at 40%. Our order book at this quarter also is the highest over the last three quarters.

On the domestic bioenergy business front, the EBP 20 program is progressing well, and the country is expected to achieve 18% blending during ongoing ethanol supply year 2024-25. Praj is focused on enhancing value for the customers and as part of this effort, we have enhanced our focus on developing core products, which has resulted in development of bio-bitumen, distillers corn oil, rice protein etc. as solutions. These co-products will significantly alter the financial viability of bioenergy projects. These patented technologies will significantly differentiate driving the market and create unique, sustainable competitive advantage.

Last month, the Honorable Minister of Road Transport and Highway, Shri. Nitin Gadkari inaugurated India's first National Highway at the Nagpur-Mansar Bypass Project NH 44. This highway was constructed using Praj's technology-based bio-bitumen which has the potential to replace fossil-based bitumen while enhancing the financial viability of the bioenergy projects from agri-waste, from where agri-waste acts as a source of feedstock production. We are witnessing starchy feedstock-based projects dominating the ethanol space. Owing to the liquidity challenges and financial closure of these projects is taking longer time leading to extension of average execution cycles moving from 12 months to 16 months and beyond.

In August 24, the government had lifted restrictions on use of cane juice, cane syrup, and b-heavy molasses for ethanol production. During this quarter, there are two more positive developments in form of upward revision in the price of ethanol produced from c-heavy molasses and availability of FCI rice at reduced rates.

On the international bioenergy front, there is strong buildup of inquiry pipeline. Amongst important developments, the USA has permitted year-round sale of E15 in 8 midwestern states. Brazil has already passed the fuel of the future law, increasing ethanol blending to 30%. Argentina and Panama have announced their plans to increase their blending mandate. These developments will create capacity in these markets and we are all well positioned to participate in these opportunities.

During this quarter, we won a significant contract from a customer in Tanzania to set up ENA plant based on sugary feedstock. SAF eco space is developing rapidly and favorably. We expect the ATJ pathway to become preferred long-term solution in major parts of the world. This augurs well for driving demand for low-carbon ethanol solutions as well.

On the CBG front, respective boards of Praj and BPCL have given approval for formation of joint venture, which will set up CBG plants across India. The CBG ecosystem is developing positively with healthy buildup of inquiries, expected to translate into firm business as we move forward. This quarter, we received a very interesting order to set up a CBG plant to be co-located inside a Napier Grass field. Our service business is witnessing healthy growth in order book and revenue from both domestic as well as international markets. Our order book for nine months for FY25 trends 80% higher than entire last year. We are witnessing increasing interest from our customers for solutions such as biogenic CO2 capture, fermentation process management, and O&M services.

On the SAF front, the dialogue on accelerating SAF production and deployment is developing constructively with all stakeholders. The International Civil Aviation Organization, ICAO, invited Praj to contribute as industry expert for the recommendations being drafted to enable a positive conclusion for the dialogue. Praj is further participating in the ICAO Symposium in Dubai planned next month.

Moving on to engineering business. The Mangalore facility is now fully ready with a total investment of over Rs. 200 crores in CAPEX and almost Rs. 80 crore YTD in form of operating expenses. The land acquisition and readiness of the facility was delayed by nearly two quarters, which has impacted the plant business activity for the GenX business in the current year. The order book for execution from this facility is expected to start building from this quarter while the revenues will start flowing in from H2 of FY26.

Our zero liquid discharge business is also gradually gaining momentum with increasing acceptance of our modular solutions. We are working on several innovative technological solutions which will help us in offering a completely differentiated solution to customers in near future. Brewery business, after a long pause, the segment is showing some early signs of returning to capacity creation and we expect the movement to strengthen in the next financial year.

The PHS business, our effort of international expansion as well as expansion of product basket is gaining momentum and we believe a healthy order buildup as we move forward is a reality. Overall, we see a positive development for all our business lines and we continue to remain confident and committed to our long-term goals. I now have the honor and pleasure of inviting Dr. Chaudhari to address you.

Pramod Chaudhari: Thank you, Shishir. Very good afternoon everybody. Let me share some of the important developments on the leadership transition at Praj. As you all know, we are embarked on an ambitious growth program for the next five years where we are aiming to grow the company three times in the top line and five times in the bottom line. Shishir has been steering for last seven years, and now he's superannuating on 30th June 25. The smooth transition and succession planning for key positions for board has in its meeting held yesterday, has approved the appointment of Mr. Ashish Gaikwad as Managing Director- Designate for a period of five years, with effect from February 03. Ashish has 34 years of professional experience in software industry, digitalization and automation and in ETCA space with other global leaders.

As explained by Shishir, all the field preparations are going on and we are quite confident that the aberration of this quarter will be taken over by a normal growth business from the coming period.

Thank you for your patience and God bless you.

Shishir Joshipura: Thank you, sir. I now invite my colleague Sachin for his comments on the financial performance.

Sachin Raole: Good day everyone. Let me take you through the financial highlights of the quarter and nine months ended 31st December 2024. The consolidated income from operations stood at Rs. 8.53 billion in Q3 of FY25 as compared to Rs. 8.28 billion of quarter three of last year. PBT stood at Rs. 588 million as compared to Rs. 919 million in quarter three of FY24. Similarly, profit after tax stood at Rs. 411 million in quarter three of this current year as compared to Rs. 704 million in quarter three of last year.

As Shishir mentioned earlier, the new release of GenX facility has resulted into lower revenue for our engineering business in this quarter. The lower margin during the quarter was mainly due to the change in the sales mix. The change in the sales mix is on account of lower export order execution and some engineering services order, which has resulted into the lower margin for the current quarter. If you compare the margin for nine months FY25, it is almost higher by 500 basis points as compared to nine months of last year.

Higher finance costs, depreciation, and amortization expenses are on account of the new facility at Praj GenX in Mangalore. For nine months, FY25, income from operations was Rs. 23.7 billion as against Rs. 24.4 billion in nine months of the last year. PBT stood at 2.1 billion as against 2.5 billion of the last year's nine months. PAT of Rs. 1.8 billion in nine months of FY25 as against Rs. 1.9 billion in nine months of the last year. Export revenues accounted for 21% in this quarter. And on the total revenue, 73% is from bioenergy, 18% from engineering business, and 9% from PHS business.

The order intake during the quarter was 10.5 billion with 60% from the domestic market. On the total order intake, 77% came from bioenergy, 17% from engineering and balance 6% from

PHS business. The order backlog as of December 24th is at Rs. 43.5 billion comprising of 75% of the domestic orders. Cash in hand as on 31st December is Rs. 6.4 billion.

I now conclude my remarks and I would like to thank you all for joining us on this call. We will now 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. Anyone who wishes to ask a question may press * and 1 on their touch-tone telephone. If you wish to withdraw yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We'll take our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Yes, thanks for the opportunity. So, good to see pick up in the order inflow. But my question is, it seems like the domestic ordering is still weak as far as bioenergy is concerned. It is international order which are driving it. How do you think about the domestic order opportunity as we enter Q4 and FY26 given that we are very close to meeting a blending mandate of 20%?

Shishir Joshipura: Thank you for the question, Mohit. So, we have stated as part of our long-term strategy that we would like to move to a mix of 50% from domestic and 50% from international. Now, that is the percentage share of the pie. Each pie size is expected to grow. So, we are not saying that this international business growth comes at the expense of domestic business volumes. What we are saying is that as we grow, we expect the international business to grow at a much faster pace compared to where it is today. And therefore, when we reach the 2030 situation timeline, we will be in a position to have a 50-50 split between the two. This is done with a lot of thinking. We are a globally operating company. As I mentioned in my remarks, there are several governments in the international arena which have realized the importance of bioenergy and they are enacting laws in their countries, they are creating an ecosystem, they are pushing for inclusion of higher share for bioenergy in their overall energy mix. We cannot, having built a very, very strong base, as you are probably aware, in over 100 countries, there are 1,000 installations that Praj has built over the last 40 years. It's quite natural for us to go and leverage that opportunity. Apart from that, we have also worked on several dimensions of technology development in this particular space, which we can now actually take to the world, because the technologies that we have developed are really benchmark technologies in respective space. So, given this position, I would say that there is no, we are not looking at shrinking any business, we are only growing, but obviously that's growing at different paces, but both the business is domestic as well as international.

Mohit Kumar: Understood, sir. My second question is, it has been a while that we have received the CBG order. I think we received something last fiscal. In your opinion, do you think the CBG ordering will pick up now? And how has been your experience in executing the first set of orders, which we won last year?

Shishir Joshipura: So, you are right that the CBG eco-space is developing at a little differentiated pace and that is leading to a situation that we don't have a continuous flow that's the way we saw it on the earlier opportunity on the liquid biofuel side. But we are not a gas economy so there are elements which lead to the interconnectivity elements, the retailing, the different dimensions that come into play that have to happen for the thing to become a very mature ecosystem. I think what we have to understand is that this is a developing ecosystem and therefore they are likely to be sometime what I would call as not a uniform flow all across that will take some time to happen. Having said that, the four projects that you mentioned that we had announced last year are under construction now and we expect them to go into commissioning phase towards the first quarter of next year. That's the plan as well. So, that's what will happen. The contract that I mentioned about this particular quarter is unique because here the feedstock is going, the plant is located in the, in the middle of the feedstock. So, the feedstock has no logistics of bringing from outside. It will be grown around the plant and then it will be fed. So, it's going to be very interesting because it does give a unique opportunity to design the plant differently, create a very different kind of footprint on both water and energy, and we are very, very excited to work on this opportunity.

Mohit Kumar: Thank you, sir. Thank you and all the best.

Shishir Joshipura: Thank you.

Moderator: Thank you, Ladies and gentlemen, in order to ensure that the management is able to answer queries from all participants, please restrict your questions to two at a time. You may join back the queue for follow up questions. We'll take our next question from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani: Hi, sir. Thanks for taking my question. My first question is on the GenX facility you highlighted the delay. So, just wanted to understand earlier where we were building in revenue contribution from H1FY26, what led to the delay? Is it the customers who are delaying giving you the orders? And second is what is the quantum of order book we will be building in next three months for which the revenue is expected in H2 of next year.

Shishir Joshipura: So, Amit, what Sachin mentioned, and I also mentioned in my remarks, was the fact that the land acquisition and construction of the facility took six months, roughly six months more than what we had planned. And that is, and in this business, once the facility is completely ready, then the customer teams do a very, very detailed audit of the facility. They give their comments and remarks, and there could be a follow-up audit as well in some cases, before they approve the facility for utilization as a manufacturing base. And that process of, unless this process is gone through, we cannot start producing anything in that facility. So, just for example's sake, and I'm just giving this to illustrate the point. So, Praj may receive an order, but unless Mangalore is approved facility, we cannot produce it there unless it is approved for that particular customer. And then we'll have to produce it at a location where it is already approved. So, for example, Kandla in this case. So, that is the process that we are going through now. And as we mentioned, and these are large contracts, so they take their decision to get this slightly longer. But not only that, they execution slightly is longer. Therefore, we mentioned that we expect that in next six months our order book will start to build for that facility, because now we have approvals from the customers who we have targeted that they should be able to move from there. Yes. And then we will be able to move forward as the order book because the pipeline for inquiry already exists. We are already in dialogue with customers that will start to move. And the readiness of the facility is not only about leveling the land and building the sheds and putting the machine inside. But after we do all of that, we also have to go through a series of certifications which are required from international accreditation agencies like the ISO certificate, the ASME certifications, the EN certifications, because these are necessary for us to start work or even present our case to our customers saying we have this facility which is certified so and please allow us to use this. So, that's the stage that we've gone through now and now we're very confident that as we move forward we start to see the change there. But till that time we actually start to have revenue from there. As Sachin keeps reminding me, there is the expense that is required on this facility both in terms of depreciation as well as the team that we have built there and all the expenses that get associated with the facility. So, that will happen till the time we actually start. So, there is no revenue recognition right now from that facility, but as I was mentioning over the last nine months, over Rs. 80 crores is the spend that we have on the revenue side for this facility.

Amit Anwani: Sure, sir. But any thought on what could be the revenue contribution in FY26 from here?

Shishir Joshipura: No, it's not proper for me to give you a percentage of revenue because then I'm saying what my next year's revenue is then and that's the guideline that we do not provide.

Amit Anwani: Sure, sir. And this expense, will this continue or will this further increase? The Rs. 80 crore YTD at the run rate of, for example, Rs. 25 crores-Rs. 30 crores for the next 3-4 quarters, will this further increase or?

Sachin Raole: Amit, we will definitely be having expenses coming up in the current quarter also. Maybe whatever the proportion of expenses are to be incurred for this quarter. Next year, rather expenses will grow, of course, but in line with the revenue which is going to flow in also. So, it is not that only expenses are going to grow, but we will be seeing revenue also flowing in the next year. So, we believe that the flow of these expenses which you have seen in the current year will get to a reasonable extent may look down in the next year.

Amit Anwani: My last question on the U.S. now, since the regime changes happened and we were actually looking for under inflation reduction and the opportunity for SAF. And also, I believe, I think the engineering business to some extent caters to US. So, any change in that pipeline, which we were highlighting for SAF in US, and any change in your 5-year vision post-regime change in US, because we are largely focusing on increasing the exports drastically and the drastic changes have happened in the US with respect to spending and renewables.

Shishir Joshipura: So, Amit, it's difficult for us to predict the future with respect to the policy dimensions in the U.S. government. But what we are, what we believe is there's a very strong focus, as you rightly put, on jobs that get created locally in the local economy in the United States. And actually, if you go to see when we will build a project for SAF, we will actually be building jobs in the United States, because any facility will call for people to be employed and deployed, but not only that, even the pickup chains are local, supply chains are local, so that will also create. So, this, from whatever we understood so far, and I've been speaking to our prospective customers, they have all mentioned to me that they do not expect any difficulty because their projects are based on the fact that in the U.S. Midwest, they will be able to provide not only investments, they will bring jobs, they will bring push to a local economy. They will provide additional relief to the local farming community. So, from all those perspectives, I think they believe that they are in a positive territory, even with the regime change that has happened in the United States.

Amit Anwani: Sure sir. Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Deepesh Agarwal from UTI AMC. Please go ahead.

Deepesh Agarwal: Yes, good afternoon team. Sir, my first question is on the RCM for PLA and bio-bitumen, when should we look at ordering opportunity opening up and what would be usually the size of the orders which can come up from there? And apart from these, what is the progress on the other biochemicals which you were developing in the RCM?

Shishir Joshipura: So, in the biopolymers and RCM space that we mentioned, we have a progressed dialogue with a significant number of customers on what can we do to help them establish a facility for PLA. That is a dialogue that is currently underway with many, many number of customers, both in India and abroad. So, our demonstration of capability and technology has actually enticed a lot of interest from the prospective customer. So, that's a dialogue that is underway right now. There is no conclusion as of yet, but this is a new technology for a very new area and therefore the gestation periods are longer, because dialogues are obviously longer as well. In terms of bio-bitumen, we believe that this demonstration that we have done actually showcases the fact that we can create a high-value-added product from a waste stream in a project especially the ones where feedstock is a lignin rich agriculture feedstock. We believe that as we move forward through the next 12 months, we will be able to see because this is a product that could alter the financials of the project very positively. And therefore, we expect that this has already created a lot of interest from existing people who are running CBG projects and of course in the new projects as well. So, and this also solves one of the key, what I would call as challenge areas for these plant operators because this treats the risk very differently and creates... The government has already announced, Honorable Minister mentioned support for bio-bitumen because we are currently importing 50% of our bitumen. So, from all dimensions, this is something that will develop very, very positively.

Deepesh Agarwal: And any estimate, even if, say, 20%, 25% of the bitumen requirement moves to bio-bitumen, what could be the watering potential over next few years for us?

Shishir Joshipura: So, slightly early days for us to start pushing these numbers out, because this is an application-oriented product. So, it's not just that you're just producing this. It has to be also developer's application and we have done that. We have demonstrated the application. We have showcased how it can be done. So, probably in three months' time when we meet again, we'll be in a position to answer this question much better to you. Just if I remember my numbers correctly, India will need 50% of its bitumen to be imported. Today we do import that. And this will become a substitute. This is also not a 100% substitute for bitumen. This is when you make the road you need different elements to go in. There are polymers that go to provide a certain characteristic and quality to the road. There's a quality of bitumen. There's a grade. There's temperature conditions, multiple dimensions. But what's exciting for us is we have a product line that can go and meet all of these conditions at differentiated numbers. So, we will be in a position to talk about it in more detail three months from now.

Deepesh Agarwal: Sure. And any kind of color you can give us on the capital commitment which will go in given your tie up with BPCL and IOCL in a JV form?

Sachin Raole: So, Deepesh, we have to still work it out because right now both the boards have given an approval for signing the term sheet which will get converted into definitive JV agreement in the near future. As we progress on that because we are currently working on how many plants can come up under this JV, how many different feedstocks to be considered, so all that working is right now going on. Depending on the number of projects which will come under this JV, the capital structure for this JV and the capital commitment from both the entities will come into the picture. So, it is the first step which has happened for converting the dialogue into a term sheet and when we progress to the final signing of the JV agreement, all these elements will come through. So, it's just a matter of next 3-4 months as the work is already progressing on developing the projects for this JV.

Deepesh Agarwal: Fair, to understand, whatever the plants will come up there, a major portion of that opportunity will flow to Praj?

Sachin Raole: So, this JV has two elements, one naturally for offtake of this gas by BPCL and the technology to be provided by Praj. So, yes, otherwise why there should be a JV from Praj side. So, we are entering into this JV to offer our technology.

Deepesh Agarwal: And lastly, while I understand you mentioned in the beginning of the call during the quarter, there was a mix impact on margin, but fair to understand the margins which you were reporting over last four quarters, those kinds of margins which is it works out to roughly 12ish odd percentage, that could be a margin we should look forward as and when the mix normalize?

Shishir Joshipura: So, Deepesh the margin has not dipped because there is an increase in the material cost. So, the impact which I could have said that, oh, this impact is going to be forever is not going to be there. It's going to be always a game of what kind of a composition of sales is going to be and that we are repeatedly saying every quarter that the margin is going to be dependent on what component of order we are executing. So, we are not saying that there will be a reversal of margin just because this quarter we have seen a dip in the margin. On the year-end basis, on a cumulative basis, we definitely believe that our margin will show a positive trend as compared to the previous years.

Moderator: Thank you. We'll take our next question from the line of Sani Vishe from Axis Securities. Please go ahead.

Sani Vishe: So, I was trying to understand as Chaudhari sir said, this appears to be an aberration of a quarter. So, the delays that have happened this quarter, do you expect to push other deliveries in the next quarter further? Or down that can we see an incremental delay within the next quarter? In other words, can we expect revenue run rate to normalize from Q4 or can we hope to have a better than usual quarter next one and then normalized from Q1 FY26 onwards?

Sachin Raole: So, if you look at the reason which we have mentioned for the lower revenue during this quarter, we believe that there will be some impact in the next quarter too because we have seen delays in the GenX orders coming up by almost two quarters. So, we will see some impact naturally happening in the next quarter also. That doesn't mean that other businesses' revenue booking is not going to happen. But are we looking at complete reversal? For that we said that FY26 is the one where we will see the order booking which is going to get reflected from this quarter in this engineering business which will start flowing in in the form of revenue from next year then.

Sani Vishe: Okay, understood. Thank you.

Moderator: Thank you. Next question is from the line of Prateek Poddar from Bandhan AMC. Please go ahead.

Prateek Poddar: Yes sir, just two questions. One is on IRA 45Z benefits right with IRA being almost...

Prateek Poddar: Yes, please go ahead. Yes, just on IRA 45Z, the benefits and incentives for ethanol producers, do they still stand after the IRS being repealed or how should we think about that and in that context, how should we think about the ATJ route and SAF production?

Shishir Joshipura: Yes, so the 45Z provisions, there are two dimensions to it. In fact, I and Sachin were talking about it today morning only. One is the tax credits that are available, should they be available to ethanol producers, or should they be available to SAF producers? That's the big debate. And then after some discussion, it looks like that they are most likely to be available with SAF producers. What it fundamentally means is that ethanol meant for SAF production, now in what proportion it gets divided between the two between the ethanol producer and the SAF producer is a matter of an arrangement between two of them. But the tax credits are likely to be available, most likely to be available for SAF production. That's number one. Number two. The SAF story is still intact. It's an international agreement that is in force that will come on 1st January 27 and will start to play out from there. As I mentioned, we have been, we are also a party to dialogue with ICAO. So, we know how these things are shaping up in terms of its positive moving forward and development and deployment of a common minimum program for the international flight. So, we do see and also the fact that from a US perspective, since your question is very specific to US, it creates a very unique opportunity for Midwest and United States to actually see growth in farming opportunity as well as in the industrial opportunity and create local jobs. So, these three ticks, as far as SAF projects are concerned in United States, and therefore it's likely to drive, continue to build positively as we move forward.

Prateek Poddar: The second question was, sir, we have seen an increase in the engineering orders this quarter versus last. Given that GenX was delayed by 3-6 months, which you called out, is it fair to understand that from here on, the orders will only increase and in the next year, the proportion of engineering orders will be higher than what we will exit at in this quarter?

Shishir Joshipura: That's a perfect understanding, Prateek.

Prateek Poddar: Okay. Fantastic. And sir just lastly, you talked about January 01, 2027 being a year for SAF, and the story being intact, that would mean that the inquiry pipeline starts building up, right? That's a fair understanding?

Shishir Joshipura: Yes. So, we don't know the, what is likely to be mandated in different countries, but what is definitely mandated is that the international flights will have to do on that path of using SAF. What happens to domestic side, each country is providing its own treatment to this in terms of what they want to mandate in their respective geographies. So, that's a separate thing, but the international flights, definitely yes.

Prateek Poddar: Perfect sir. Thank you so much and best wishes for the future sir.

Shishir Joshipura: Thank you.

Moderator: Thank you. Next question is from the line of Shailesh Kanani from Centrum Broking. Please go ahead.

Shailesh Kanani: Good afternoon, everyone. Thanks for the opportunity. Sir, Pramod sir had in the opening remarks said that we maintain our guidance of 3x in revenue front. So, it's not just this quarter, but we have seen some muted revenue performance for last two years now. So, can you just highlight some key milestones or monitorables for us, which we think we need to watch out for?

Shishir Joshipura: So, Shailesh, I think what PMC mentioned was the fact that when we issued the guideline of 10,000 crores, that is 3x growth in topline and 5x in bottom line by 2030. That is intact and that's not changing. We are very confident and committed that that will happen as a company, as a team. There is absolutely no reason for us to believe that there is any other story. That's number one. Number two, in terms of markers, as I said, one of the key strategic initiatives that we undertook for this purpose is to say, how do we grow our export order book? And that, as you can see, is already moving in the right direction. So, that's one clear indicator for you whether things are happening or not happening. That's number one. I think already somebody asked me a question. And I'm talking now not next quarter perspective, but a little longer-term perspective in terms of how the SAF opportunity develops for us. And we are very, very confident that it will develop very positively as we move forward. And probably if not the next year, the year after, we'll definitely see SAF plants coming to life in several parts of the world. So, that's the second one. The whole, then we have discussed other things about CBG, bio-bitumen. I also mentioned the several initiatives that you have taken to actually start differentiating us in the domestic ethanol market as well. So, as we start this journey from here onwards, I think the two-dimensional change that I see one, very clearly as we mentioned, customers will look for enhanced value of their operations, which is where the co-product development, the new technological innovation that we are talking about, will all start to come in play and will differentiate. And at a global level, as we move forward, I think the carbon intensity of ethanol will start to become an important issue. And that will also create a set of opportunities for us.

Shailesh Kanani: Sorry to harp on this, but because we have seen consistent delays in most of the molecules, be it SAF, be it CBG. So, that is the reason I was wondering, any near to medium term, I understand not one quarter or one six months, but in general, any monitorable key for us to watch out because there has been some delay, as you also mentioned in the earlier remarks that CBG has not picked up as we were expecting. So, just was wondering on that front?

Shishir Joshipura: I think on SAF we have maintained that 1st January 27 is the first time it kicks in as a regulation across the world. And there's no change in that date for SAF mandate to be implemented. In terms of CBG, yes, as I mentioned, India is not a gas or was not a gas economy. We were more a liquid and solid fuel economy. So, the whole infrastructure development, the rules and regulations, the last mile connectivity, a number of issues that have to be taken care of. And I think that's being addressed expeditiously by all concerned. But yes, we are not ready. So, they have to be built ready. And that takes away some of the time. But I believe that as we go through the calendar year, we will start to see a very different kind of interest, positive interest develop into CBG space as well.

Shailesh Kanani: That's helpful. Sir, in CBG front, just to dissect it more, what is the current offerings in terms of feedstock like pressmud or various other feedstocks which we are offering to clients? And as per your understanding, which feedstock would pick up initially and which would be coming in later half of the whole CBG 5000 or 2500 plants? If you can throw some light on that.

Shishir Joshipura: Okay, so we keep the answer very simple, as of date we are able to handle all feedstocks except that we are not offering solutions for MSW. Other than that, if there is a feedstock, we have a solution that is agri waste feedstock, industrial, organic waste, chicken, farm waste, whichever the waste sources are. So, I will keep the answer simple rather than give you a whole list of all the feedstock that we could do, I'm saying the only feedstock we are currently not addressing is MSW. That's number one. Number two, you asked about the fact saying how will this whole ecosystem develop around feedstocks and which is likely to be the most preferred, from the looks of it, as of date. So, initially the pressmud continues to be a feedstock that I think will start acquiring prominence as we move forward from the sugar mills perspective as well. That's number one. Number two, Napier grass is increasingly becoming a very preferred feedstock. And that is where I mentioned that our solution of providing bio-bitumen as a co-product out of processing of Napier grass based plants, it is also true that we can do this for other agri-waste based plants that we come up for CBG. From their waste treatment, we can create the bio-bitumen stream. But Napier grass seems to be a preferred choice for many because of its own properties that you can get four crops in a year. You don't have to store it for the whole year, et cetera, etc. There's some positives in its favor. So, we believe Napier grass will be a feedstock of choice. There is rice straw, of course, in the country. We believe that these three will become the key feedstocks as we move to press mud, Napier grass and rice straw.

Shailesh Kanani: And our offerings are in the top quarter in terms of yields and other things for the client, right, in this?

Shishir Joshipura: Yes. Absolutely no question.

Shailesh Kanani: Just one last question, one more last question. We had this budget announcement where there was some support for CBG plants and some allocation was done. Any update on that or any expectations from the budget what we are having? That's all from my side sir.

Shishir Joshipura: No, publicly as I mentioned that the whole ecosystem is not matured because we are not a gas economy so that's under development. It moved a lot from where it was say five years ago. So, it's moved significantly upwards. It's not like a liquid biofuel ecosystem that is very, very mature. So, it has some distance to go. But I can clearly see a lot of test being taken. Plus, this new model that I talked to you about, where the plant is located inside the feedstock area in the field, that addresses many issues of which the current feed industry is facing and allows a lot more flexibility. So, I think that could also become a model of future. We'll have to see how that model progresses as you move forward.

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

Shishir Joshipura: Thank you.

Moderator: Thank you. We request participants to kindly restrict to two questions at a time. We'll take our next question from the line of Aditya Mongia from Kotak Securities. Please go ahead.

Aditya Mongia: Thank you for the opportunity. And I'll move on to my question. The first question that I had was more from, on the change at the helm that was happening at this point of time. If Mr. Chaudhary could kind of chip in and give us a sense as to what was the thought process or what are the parameters being thought through with the new candidate…

Aditya Mongia: So, the question that I had was for Mr. Chaudhari. The question that I had was of course, this is an important transition happening at the CEO level. What were the imponderable thought through while kind of thinking through the right candidate and how to kind of think through incrementally from a strategy perspective? That's the first question that I had.

Shishir Joshipura: Aditya, that is a little detail question because it needs us to illustrate some things for you as to where the business today is and how we want it to move, what are the likely interventions in future. So, if you happen to be in Pune, we will be happy to dialogue with you.

Aditya Mongia: Sure. Understood. The question that I had beyond this was more on the CBG front. As we understand right now, it's at a very nascent stage when a lot of equipment are being imported today. I wanted to kind of seek your guidance on A, what are the prospects of further cost reductions that can happen over here? And B, does it lead to Praj entering into adjacent revenue streams such as manufacturing of equipment that today may be imported from outside?

Shishir Joshipura: Okay, so, Aditya, just to confirm to you, we don't need to import anything today for CBG. If you can import, but you don't have to import if that was your question. So, that's number one. Number two, the CBG business is interestingly developing into a very different dimension. So, it's no longer a single molecule business. It never was. But you know, we really thought that okay, so there's CBG and then there is solid fertilizer that will come and now so that's number one and now we as I was mentioning earlier as well, the solid fertilizer comes out of each processing of the feedstock, especially the ones that are lignin rich, which is the agri residues, napier grass, rice straws, other grasses, other straws, these feedstocks. There, if you create a solid fertilizer, and I'm using very ballpark numbers here. The typical operating margin that plant will get, plant owner will get on the solid fertilizer, will be of the order Rs. 4 to a kilo of production of fertilizer. Against that, if you convert, instead of fertilizer, you convert that to bio-bitumen using our process, the margins can multiply five-folds or even more. So, very different ecosystem that will emerge where it will become like, and we talked about it in our different forums as well saying, the concept is of multi-product, multi-feed and multi-product at the other end. So, we manage multiple feeds. We manage multiple products at the end line as co-products, as main product line. And the idea is to ensure that every waste stream that comes out is valorized. So, that's the second dimension. The third is, as I mentioned, this new type of plant where the plant is located. So, normally whatever plants have been built so far, they are not in the middle of their own feedstock area. In a sense, the fields are distant, maybe 20 kilometers, 30 kilometers, whatever the distance is. But now we are talking about plants located inside the field. Now that is a very different connotation, because that allows you to create a very low water footprint, very high, rich water nutrients going back to the land. So, there are many positives around it, which we believe could actually help to further enhance the attractiveness of these plants. So, this is the first project that we have just received the contract for. Of course it takes 12 months to build one, but that is something which is very, very exciting development in this space and we will see how it develops.

Aditya Mongia: Thank you. Just on the response that you have given on CBG, when you think about Praj's capabilities in this domain, and that includes byproducts as well, is going and becoming, let's say, an owner of the plant or developer of the plant a better way to monetize those capabilities or do you think the same level of monetization can happen even as an EPC player? And your sense of how much money then you may be willing to kind of put inside this venture?

Shishir Joshipura: So, I would just say two things. Obviously, as a technology and equipment supplier, there's a margin that we or a fee that we get for giving those services and products to a project developer. But the fact that he's putting a project means he further makes money on that. So, from that perspective, otherwise there is no project. What's critical to understand is there are essentially four elements to this whole thing. One is the feedstock part of feedstock supply chain. The second is the plant that converts the feedstock to these products and gas. And the third is the off take that is required to and of course fourth is operation of the overall system. So, from that perspective, I think each player in the value chain would definitely they add value, they will be capturing some part of it for themselves, some they will pass on to their customers in the chain. So, yes, if we do become producers as well, then there is an additional play, but then there is an additional capex, so there is different dimensions that sort of flow in. And we believe that getting this whole ecosystem off its to its potential will require a lot more collaborative work between supply chains, between technology providers, operators and the gas off takers. There is no one model that fits all.

Aditya Mongia: No, I understand. We will discuss this more later on, but thank you for your response on this one. Very useful. Thank you.

Moderator: Thank you. We'll take our next question from the line of Vikram Suryavanshi from Philip Capital India. Please go ahead.

Vikram Suryavanshi: Good afternoon, sir. Can you update on how is the progress on other 2G projects in India? And particularly, we were expecting good traction from Europe and international market, but obviously because of geopolitical situation that was deferred. But going ahead, how that outlook looks now?

Shishir Joshipura: So, Vikram, two things I will say. One that we are moving forward positively on commissioning of the IOCL project which is important and it's a step-wise process. So, that happening which is the good news. We will also see the two other projects in the country go on stream during this calendar year. That's another positive development that will happen. We are also beginning to receive inquiries from different quarters because what, if you remember earlier, I had mentioned about SAF being one of the drivers for a need for a low-carbon ethanol, and 2G obviously fits that bill perfectly well. So, we are beginning to see what are called as interests emerge on this basis as well. As you rightly said, in the geopolitical situation has actually led to some delay or differing of these projects that were earlier on the anvil. But we are in constant dialogue with them and I am very hopeful that as we pass through this calendar moving towards the later half of this year, we'll start to see a revival in those as well.

Vikram Suryavanshi: And in terms of bioplastic, we have seen some states are already announcing the policies, but a lot was expected from the central government. So, how do you see that space evolving? Will it be more on like a state government pushing for the CAPEX or we expect even central government can come out with a policy to kick start?

Shishir Joshipura: So, the way we look at it is that I think it's a very welcome thing that the state governments are taking lead in providing the incentives for this very, very important technology for mankind. And I think that's very positive development. But globally also there is a requirement to create a common understanding of treatment of plastics, what do we want to do, what's our degradability, how do we move forward. And there's a lot of very, very constructive dialogue that is taking place right now. United Nations is taking lead to create a common standard for all countries. There are many dimensions of this plastic thing. It is an essential part of our life. It's not going away, but can we make sure that it does not leave a harmful footprint? And that's what is driving all these actions. That's where we are today. I think we will see as time progresses, very constructive development on these sides, as well as you mentioned. We expect national governments across the world to actually start thinking in terms of what they want to do for us to address this problem. And in the meanwhile, the state government initiatives are obviously very welcome.

Vikram Suryavanshi: Got it. Thank you very much.

Moderator: Thank you. We'll take our next question from the line of Shyam Maheshwari from Aditya Birla Mutual Fund. Please go ahead.

Shyam Maheshwari: Thanks for the opportunity. I had a couple of questions, sir. So, firstly, on the engineering side, and I know you alluded to it, but if I look at our inflows, except for the last two quarters as well, we were averaging anywhere between 250 crores and 350 crores quarterly inflow. While our Kandla facility is still operational, wanted to understand why there has been this sudden dip in the inflow side? Is there been some hesitancy from the client side or is it a conscious call from our side to probably not book more inflows till the Mangalore facilities operational? So, that's my first question, sir.

Shishir Joshipura: So, Shyam, the way you look at it is like this. So, the nature of the equipment and systems that we build at Mangalore are different. They are larger in size, so the project size is larger compared to what we have handled so far. That is number one. Number two, Kandla has limited capacity. It cannot produce an unlimited amount of equipment. So, it has limited capacity. In fact, we have also taken steps to, because the Mangalore project got a little delayed, we had to actually move to enhance the Kandla facility, which we did. However, the essential is that as Mangalore facility starts to scale up, which it will, as I mentioned earlier and Sachin did as well, we will start to see a constructive development on these inquiries. These are large size and therefore they take a little longer gestation period. But we also know them very much in advance. So, we already know the inquiries, the names of the projects where they are required. And the good news, while they got a little delayed, some from our end, some from customer's end, the fact remains that none of them have gone away. All opportunities are there and we think that it will definitely move forward.

Shyam Maheshwari: Interesting sir. When you mention a large size equipment, what would be typical order value of, let's say, one such order?

Shishir Joshipura: Well, it could vary, but typically this is will be three digit crores**.**

Shyam Maheshwari: Interesting. And secondly, on the international biofuel business, so we have one projects in Brazil, Latin America and now in Tanzania as well. Wanted to understand the scope of our work there. So, do we just do the product supply or maybe do we tie up with a local company there to construct the plant or do we do the entire construction activity also?

Shishir Joshipura: No, we don't do the construction activity overseas. We do not offer any construction services to customers. Each market has a different requirement of how they make the decision. So, for example, in India, customers will say, I need this capacity plant, this is my feedstock, this is my site, come and tell me what you can do for me and give me an offer. And the discussion proceeds. If you go to Brazil, the discussion is very different. They will say, no, I want you to do the engineering of the whole project first. So, this is what I want to do. This is my feedstock. This is the output I want. Tell me the full engineering of the project. Once the engineering is done, we will estimate the project to its full cost, and then we will decide to go forward, not to FID step. So, the third market will say, no, I want to go in between. So, there are different models that operate in different markets. In India, customers would actually call out for us to hold construction responsibility for our scope of work. It's very okay in international market not to have construction or offering as a services as offering, so we are good with that and we're not offering that as well.

Moderator: Thank you. We'll take our next question from the line of Manish Goyal from Thinqwise Wealth Managers. Please go ahead.

Manish Goyal: Thank you and very good afternoon and nice to hear Pramod Chaudhari after a very long time. Sir, just two questions. One on the international revenue as we are targeting 50% revenue by FY30. So, just like the growth would be probably 8x like the revenue from international was Rs. 665 crores in FY24 and we are targeting roughly Rs. 5,000 crores by FY30. So, if you can just provide perspective as to how the contribution would look like say from GenX products, from bioenergy, from CPES, that would be very helpful. And second question just on a better understanding on the GenX plant, like you mentioned that in first nine months we have roughly incurred expenses of Rs. 80 crores which is booked in the P&L. So, like if the plant was commercialized recently, then why is it not capitalized, and it's probably taken and booked in the P&L? I understand that the land was probably leased out and it's partly reflected in the depreciation. So, if you can clarify on both these aspects?

Sachin Raole: Okay. So, maybe I will take the second question first. Technically the commercial production has already commenced in the month of February. Okay. Because the plant and equipment were kept ready for. So, it's not that we have not done anything. We have actually manufactured one equipment and dispatched in the last year. So, as we know from the accounting principles point of view, the moment you start the commercial production, after that you cannot capitalize anything. So all the equipment were not technically installed at that point of time. But the commercial production had started for one equipment which is manufactured there. And that's the reason subsequent expenses are not capitalized. And we had to take it through profit and loss account.

Your first question was related to the growth which you are looking at in the international market. Yes, it is going to be 8x. There will be a larger portion of internationalization is happening. It is on two accounts. One, the GenX business, which is entirely export-oriented and another one is the bio-ethanol business, which we mentioned earlier, that the internationalization has started in a big way happening in that business. These two businesses are going to contribute in a big way. So, the pie is definitely, as Shishir was mentioning, the entire pie is growing for domestic and international, and that's how the composition is going to emerge of 50%-50%. We have also mentioned that Praj HiPurity has also started showing its international business now. So, these are the components which will contribute by 2030 in the overall aim of internationalization. The question of margin is a little tricky for a reason, because as Shishir was explaining, the international orders will have all kinds of colors and elements. In the sense, it will have the services element, it will have the equipment element, and to some extent, it might have the EPC element also. Just to give an answer for how the EPC will come into picture, the current Tanzania order, which we are going to execute, we will have some kind of a local construction work also to be taken care of. Naturally, we are not going to do it on our own. We will be having contractors to do that kind of a job. But in the future, in the bioenergy business, if there is an element of construction, then that will also start playing a very different, what I can say, flavor on the margin. So, it will be a little too early to tell you that what will be the margin in 2030 based on the composition of the business which we are looking at which is supposedly to be emerged. We have not talked about the other two businesses which are also going to contribute in the international business. One is on the RCM side and another one is on the SAF side. So, all these components put together are going to give us a topline of Rs. 5,000 crores, but the components of delivery are going to be very, very different which will define the margin profile for us. I can only tell you that margin profile is definitely going to be better than domestic. That's for sure.

Manish Goyal: Okay, and one more last question I'll squeeze in. On the Inflation Reduction Act, we were probably doing some engineering related work as well as a couple of engineering projects. So, will it get impacted with probably IRA on back burner or how should we look at it?

Shishir Joshipura: So, as I mentioned, Manish, Ethanol meant for SAF in United States because the current ethanol is at a high carbon intensity, will meet the solution of going to low carbon intensity. That remains intact. So, as the SAF project starts to pick up, and I do remember that I had mentioned this, that in the US, the way when the IRA was defined and we set three billion gallons of SAF required by 2030, the first one billion, one and a half odd billion, is mostly there now in terms of capacity creation, will come from a different route, HEFA route and then onwards everything will most likely come on an ATJ route which is where we are interested party. And we expect and we see that movement, our dialogue with customers are moving very constructively. So, those guys who either own their own ethanol plants are now asking us to interact with or speak with some of our guys are doing an audit for one of the projects to see how that plant can be converted to a low carbon intensity ethanol because there are other issues about carbon capture and all that which need to be factored in. So, all SAF-related ethanol projects will need low carbon, no question about it, and that is the development that is likely to take place. But on the other hand, we also decided that we will not only position it as low carbon solution but because we realized that when we do low carbon we are actually reducing the operating cost of the plant. So, we would also position these as operating cost reduction and operating margin improvement solutions, especially in those cases where it is very clearly usable to our customers and then move this forward.

Moderator: Thank you. We'll take our next question from the line of Prathamesh Sawant from Mirae Asset Capital Markets. Please go ahead.

Prathamesh Sawant: Thank you sir, thank you for the opportunity. Sir, just one question from my end. I just wanted to understand how much steam is left in the grain based distillery projects in India because what we can clearly see from the government's intention is that lately what they have done with the FRP of sugar has been increased by 10% but the relative prices of ethanol have just increased by a meager 2.5% and that too just for c-heavy. So, I wanted to understand, how much because going forward we can only see that grain based driving the momentum in the bioenergy business for the domestic markets. So, how much scope is left for the same?

Pramod Chaudhari: Prathamesh, the way to think is like, I give a little elaborated answer, but please stay with me. So, the challenge is this, can we create an ecosystem in which the feedstock costs go down because they are significant part of the cost of the ultimate molecule? And therefore, a lot of work is happening right now on alternative feedstocks. Yes, whether we do this, finding different technological solutions for existing feedstocks or create new feedstocks themselves and how do we grow them so agriculture side of the solution for that etc. Can we simultaneously grow two crops in the same cycle etc., so that's one dimension that's happening on the feedstock side and that needs to take care of. As we move forward then I think what is critical to establish is the fact that on a given feedstock, how the overall movement will happen and what is the prioritization of that feedstock within the overall economy. So, we believe there is a lot of push that has come for starch-based feedstock in India. So, maize production, maize production going up, plant running on maize, plant running on broken and wasted rice. So, we are seeing that progression and I think we did mention and if I didn't then I can share it now that even this quarter that has gone by, all our order booking is for starchy feedstock. There is no sugary feedstock in that on the domestic market. So, that's the second, the third play that will come. As we move forward, and we were discussing what's there a little long term is that SAF needs that definition ultra-low carbon ethanol or low carbon ethanol. And for that to happen, then maybe lignocellulosic feedstock will make a comeback. So, on the feedstock side, it is, I think, a different priority, the different moment in time that will determine as to which feedstock will actually be moving forward. But there is no such thing as only one feedstock will move forward. I think it's different levers for different feedstocks.

Prathamesh Sawant: Okay, sir. But in domestic market, I don't believe we'll have that kind of momentum for the lignocellulosic benefit because we don't have that kind of a differentiated incentive structure in India. And the concerns over the food or fuel debate are much higher in India. So, that's why I was thinking how much more steam, but I get your point. And so my second question is with respect to the existing bio-plastic opportunities. So, are we waiting for some JV model or probably waiting for some post-budget announcement? Any light on that?

Shishir Joshipura: I think what's important as I mentioned earlier in my answer that if somebody said that states are doing lot of policies around promoting or supporting the bioplastics and I think that's a great step forward. But as the same question was also saying so what's happening at national level and I also mentioned at international level. So, I think that the whole regulatory framework will have to come into place for this to actually take off from where it is now. A lot very constructive and very deep dialogue is already taking place on this across the globe within the country as well as within the state. So, I think one is the focus of saying, okay, I facilitate you to produce this and I think that's a great step forward. But the second thing is also that the market creation has to happen for end product where the national policies are important. And then of course the international policies are important to drive across the global mandate. So, we'll have to see how each of these three elements for the whole ecosystem to come into place.

Prathamesh Sawant: Okay, thank you.

Moderator: Thank you. We'll take our next question from the line of Abhijeet Singh from ICICI Securities. Please go ahead.

Abhijeet Singh: Thank you for the opportunity. Sir, in the event of this SAF opportunity in US not paying out as anticipated, what is the recourse that we have? Maybe some other market or any other product line that can substitute this kind of gap that we have planned any alternative strategy in case there is some risk to this SAF opportunity that seems to be huge?

Shishir Joshipura: So, Abhijeet, there is a slight delay and I would admit to that, that there is a slight delay from the initial plan for the SAF producers in the United States, but all of them are going ahead with their projects. There's nobody shelving, the opportunity very much exists. And I think the delay is behind us now. So, as we go through the next 18 months, you will actually see this coming to fruition as concrete projects.

Abhijeet Singh: Right, that is my question. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management from Praj Industries Limited for closing comments. Over to you, sir.

Sandip Bhadkamkar: Thank you, everyone for your time today. In case you have any more questions, feel free to write us at info@praj.net. Once again, I thank you all for attending call today. And have a good day. Thank you.

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