kotak Securities

Dated: 7 Nov 2025

Praj Industries (Praj) – BUY

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.334	Rs.500

Rationale:

- Beat on muted expectations; new businesses still in slow lane.
- Improves execution and margin qoq; lacking growth visibility.
- Underutilization of GenX facility continues to impact consolidated profitability.
- We defer uptick in ordering from CBG/EBP blending by 1/2 years in our estimates.
- We cut revenue estimates by 15% on deferral of EBP and CBG mandates.
- Our DCF-based FV to reduce to Rs500 from Rs580, implying 35X multiple on two-year-forward earnings.

Positives:

- Consolidated results on revenue/EBITDA/PBT were 24%/27%/18% ahead of our muted expectations.
- Praj reported a sharp uptick in execution and improving margin qoq in Q2FY26 in a challenging external environment.
- We build in a 25% EBP target and a 10% blending target for CNG by FY34.
- Praj is working toward domestic brownfield projects & overseas.
- We envisage a 16%/17% CAGR for Praj's revenue/EBITDA over FY25-28E.

Negatives:

- EBITDA margin and PAT margin down ~500 bps yoy.
- GenX facility losses continued to impact consolidated print.
- GenX facility sees audits from new customers; earlier prospects remain stalled.

(EBITDA: Earnings before interest, depreciation, amortization and tax, PAT: Profit after tax, CAGR: Compound Annual Growth Rate, DCF: Discounted Cash Flows, EBP: Ethanol Blending Program, CBG: Compressed Bio Gas, CNG: Compressed Natural Gas, PBT: Profit Before Tax)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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