Dated: 2 June 2025

Praj Industries (PRJ) – BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.480	**Rs.700**

Rationale:

- Deferral in execution of ethanol jobs & underutilized GenX facility mar Q4FY25 results.
- Steady ordering for the year at 1.2X revenues was enthusing.
- Improved positioning in CBG space, long-term agreements for GenX facility, improved outlook for international business and prospects of margin expansion are key positives.
- We cut estimates by 6-7% and revise FV to Rs700; Praj remains our preferred pick.
- Our revised DCF-based FV implies 35X 2-year forward earnings.

Q4FY25 Earnings update:

Positives:

- Bioplastics opens up as medium-term business play at global level.
- Management is targeting to achieve a sustainable double-digit EBITDA margin.
- New projects in CBG & Bio bitumen as combined offering to enhance project viability.

Negatives:

- Praj reported a sharp 11% miss in revenues, down 16% yoy.
- Liquidity crunch for clients in securing project financing, resulting in slower execution.
- Negative operating leverage led to a 200 bps miss in EBITDA margin.

(EBITDA: Earnings before interest depreciation and tax, CBG: Compressed bio gas, DCF: Discounted cash flows)

Click here For detailed report dated 1st May 2025. Note: CMP & valuation may differ due to difference in dates.