Godavari Biorefineri

Operator: Good afternoon, everyone. Welcome to the third day of the Arihant Bharat Connect Conference, September 2026. I would like to extend a warm welcome to all of you to the conference call of Godavari Biorefineries Ltd. Joining us today from the management team is Mr. Ashish Sinha and his team.

Before I hand over the call to management, let me briefly outline the flow of today's session. We will begin with a brief introduction and opening remarks from management, following which we will move into the Q&A session. Participants who wish to ask questions may raise their hand using the platform feature or submit their questions in the chat box. We will first take questions from participants who have raised their hands and thereafter move on to the questions received through the chat box. If time permits towards the end, we will also address a few questions that we have received from clients who were unable to join the call today.

Please note that we will take the last question approximately 5 minutes before the scheduled end of the session, that is, 3:55, so that we can conclude the call on time. Without taking much more time, I would like to hand over the call to management for their opening remarks. Thank you very much, ma'am, and over to you.

Sangeeta Srivastava – Executive Director: Good afternoon, everyone. This is Sangeeta Srivastava, Executive Director, Godavari Biorefineries Ltd. Ashish Sinha and Mr. Ketan are also present here with me. Would you like us to go through a presentation first for a quick review, or should we move directly to the question-and-answer session?

Operator: Ma'am, it would be better if we could start with a brief overview of 5-10 minutes.

Sangeeta Srivastava – Executive Director: Sure. We have a small presentation, and I will take you through it quickly.

Godavari Biorefineries Ltd.'s motto is to create a beautiful world. We can go to the next slide.

We basically work on 4 fundamental principles. Innovation is at our core, and we work with our farmers to innovate at the farm level and make our feedstock ready. We work with our scientists to make products, and we co-create with customers, which represents shared growth with farmers and customers. We also work to create value for investors, farmers, the company, and the community.

Sustainability is by design for us. Sustainability is not something that we have started now; we started our business with the principle of sustainability. We work with small farmers. The sun, soil, and small farmers are our strengths.

We recently commissioned our maize distillery during the last quarter. It has a capacity of 200 KLPD, as was already discussed. We are doing this to safeguard ourselves from the vulnerability of relying on a single feedstock.

We are looking at the transition from fossil-based to bio-based solutions. Bio-based solutions are at the core of our innovation and business. We have been supplying our bio-based chemicals to various industries, and they are accepted all over the world. Our current aim is to reduce the

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difference, or gap, between fossil-based and bio-based solutions through technological improvements.

We are looking beyond E20 because a lot of information is already in the public domain. Considering the current geopolitical uncertainties, the ethanol blending program has really helped the country. Beyond E20, the government is looking at flex fuel and also increasing the blending percentage. As Godavari, we are participating in this transition, which is very important for the country's growth.

Our dual-feedstock flexibility will give us more alternatives to expand. If there is lower cane availability, we will be able to use our distillery capacity to use grain for making the same product.

For strategic guidance, there are a few areas that we work around. We closely work with our farmers to monitor their soil health because it is very important that we retain organic carbon and the microbiome to achieve better yields on the ground. We also co-create different programs with farmers and work on regional agriculture to make sure that the soil retains its fertility for a longer duration.

Regarding drug discovery, we have already informed you that we have applied to CDSCO for the next phase of trials. Subject to government approval, we are expecting the trial results in Q3 FY27, and the final trial results will be received in Q2 FY28. We are in an advanced phase and will continue moving forward in this direction.

Bio-based chemicals have shown us the results. We have been providing this data, and in Q1 FY26, revenue was 141 crores. In Q1 FY27, we achieved a turnover of 169 crores. Our expectation for Q2 FY27 is 190 crores, and going forward, it is 240 crores. This is the same direction that we had indicated in the past. The investments made in bio-chemicals in the earlier period are now showing results.

The complete story is integrated. Sugar, cogeneration, and ethanol give us the strength to operate flexibly. Sugar is currently also a commodity that is showing an increasing market trend, and our 800 KLPD distillery gives us the strength to utilize our capacity depending on feedstock availability. Fungibility is giving us strength. We have already completed 200 KLPD, and the next phase is 160 KLPD, which will strengthen our ethanol business.

This slide explains how it works. Our total capacity remains 800 KLPD, and 160 KLPD will be additional capacity from within the 800 KLPD. This is just an example.

Bio-butanol is at the same stage. We have substantially completed our engineering and are waiting for the next customer commitment. We have many customers on board, but discussions are still ongoing. Synthomer is the only company with which we have signed a partnership MOU.

Dimethyl ether is progressing in the same direction. We have conducted some experiments and are working very closely with ICT to make sure that our data is correct before we proceed with commercial-scale deployment of DME technology.

These are the 4 pillars around which we work. The first is growth in bio-based chemicals, which is our major strength. To ensure this growth, we need feedstock availability because we can also

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consume our own ethanol produced at the Sameerwadi site. Then we have additional fungibility, which we want to include because we are all looking at the data, and the impact of a Super El Niño could be on sugarcane or any other feedstock. Therefore, we are keeping our multi-feed distillery available.

The Jivana brand is also growing. These are the 4 pillars that drive our growth.

The leadership has already been discussed. Thank you. I think this is a brief overview of what we do, and we are open to questions based on what the participants are interested in.

Operator: Thank you very much, ma'am. Participants who wish to ask questions are requested to raise their hands. We will wait for a moment for the questions to come in.

In the meantime, we have received some questions from clients who were unable to join the call today. How are realizations trending for core downstream chemicals, such as bio-ethyl acetate and glycol? Are global end-use customers currently willing to pay a green premium, or are product realizations directly tied to crude-linked petrochemical baselines?

Sangeeta Srivastava – Executive Director: I wanted to address this by saying that these are specialized products. Our customers are already using them and paying a premium. We are not asking for any further premium based on market changes because, in the current geopolitical situation, fossil prices have increased significantly. However, the prices of our bio-based products have remained almost the same.

This has given stability to the market. The price is stable and is not as susceptible to price changes as the fossil-based alternative. We are currently able to maintain our premiums.

Operator: What was the capacity utilization across the bio-chemical plants this quarter, and what is the near-term revenue mix target between commodity ethyl acetate and high-margin specialty chemicals such as 1,3-butylene glycol and bio-derived specialty esters?

Sangeeta Srivastava – Executive Director: Our capacity utilization is almost 90-95%.

Management {? Ashish Sinha ?}: It completely depends on the product. We have more than {? 1 lakh ?} metric tons per annum of bio-based chemical capacity, and different chemicals have different capacity utilization levels.

For example, if you talk about commodity chemicals, it depends on market conditions, and we run the capacity accordingly. For specialty chemicals, as ma'am explained, the parity between fossil-based and bio-based products has narrowed. Therefore, we are seeing more demand for specialty chemicals.

Our capacity utilization is increasing alongside the debottlenecking that we have completed, and that is reflected in the revenue we are generating. In one of the slides, ma'am showed that in Q1 FY26, we achieved revenue of 140 crores, which increased by 20% in Q1 FY27. We now expect this to reach close to 190 crores.

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We are further planning to undertake debottlenecking of our downstream aldehyde products, through which we expect revenue of 240 crores by Q3 FY28.

Sangeeta Srivastava – Executive Director: Does that answer your question, sir?

Operator: Thank you, sir. Given the geopolitical disruption and shifting global supply chains in chemical intermediates, what is the consumer demand pipeline looking like in key export territories such as Europe, North America, and East Asia, particularly with the European Union's Carbon Border Adjustment Mechanism coming into focus?

Sangeeta Srivastava – Executive Director: That is an interesting question. CBAM is something that everybody has to consider, but it is not directly impacting us right now. Current FTAs in Europe will probably increase exports to Europe.

We are seeing a similar trend and have not seen much difference so far because the local market is also stronger. A couple of products that have always been exported are continuing to be exported in the same way. We do not see an impact.

Regarding CBAM, our customers are very sensitive to this issue, and we always provide them with their carbon footprint. Our product carbon footprint is a very important parameter when selling in various markets, including the United States and Europe. We are able to provide that information. Whenever CBAM comes into effect, we will be ready for it.

Operator: What is the blending mix between sugarcane juice, B-heavy or C-heavy molasses, and grains? What are the current gross contribution margins per liter of ethanol generated across these different feedstocks?

Operator: These distinct feedstocks are given the prevailing grain procurement cost versus the OMCs' administered purchase prices.

Management: OMC prices have been fixed for the last 3 years. For grain-based ethanol, we receive 71.5 rupees. We commenced the grain project at the end of June 2026. We will have to observe what the margin is, but normally our projections are in the range of a 10% gross margin on the base side.

Operator: What is the blending mix between sugarcane juice, B-heavy and C-heavy molasses, and grains?

Management: It is almost 32-33% diversion of cane for making ethanol.

Management: Around 32-33% is what we divert from sugar toward ethanol production. It totally depends on whether the OMCs give us a tender for juice, B-heavy molasses, or C-heavy molasses.

Operator: The next question is from Mr. Soham. Please unmute yourself and ask your question.

Soham – Individual: Hello. Can you hear me?

Management: Yes, sir.

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Soham – Individual: Thank you. I want to ask about a few ongoing tax and legal matters, including a tax demand of 46 crores, almost 5 crores of electricity duty provision, and a GST demand of 93 crores. Could management please explain the current status of these cases and the potential financial impact on the company?

Management: To address this, may I know your firm name, Soham? Or are you an individual investor?

Soham – Individual: No, I am an individual retail investor.

Management: Regarding the GST, this relates to the supply of ENA from the beginning of the GST regime, that is, from July 1, 2017 to 2021. There is a demand on that.

The demand is essentially because of what we supplied to companies such as Diageo and other companies through the state government. When GST was announced in July 2017, there was no mention of GST on supplies made to ethanol companies or to potable companies such as Diageo and others.

A demand has been raised in that regard, but we have also obtained a stay. As you know, from November 2023 onwards, GST itself provided that there would be no GST on alcohol supplied to potable companies. That addresses the GST matter.

Regarding electricity, this is a demand raised by the state-level electricity board. We have defended our position on the basis that we fall under a different tariff. We expect the demand to reduce substantially. We also obtained a stay yesterday, and we expect the demand to reduce to approximately {? 20% ?} of the original demand. I am not certain about that.

Management: We are currently in court discussing the matter with them.

Management: Sir, are you there? Is there anything else you would like to know, Soham?

Soham – Individual: Yes, thank you very much for that. My second question is whether you can provide an estimate of the current stage of the patent approval process.

Management: Patent approval?

Soham – Individual: Yes, regarding the cancer treatment.

Management: Patent approval is different from the approvals we are going to obtain from CDSCO. We have been granted patents that we applied for a long time ago.

Regarding the CDSCO approvals, as I mentioned in my presentation, we have applied to CDSCO and are expecting the approvals around November. We will then start our trials, for which I have already provided the timelines.

Patent approval and government approval are 2 different things. For our trials, government approval is more important at this stage.

Soham – Individual: Thank you very much. That is all from my side. Thank you.

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Operator: Thank you very much, sir. One question has been asked in the chat box. What will be the revenue mix for sugar, distillery, and bio-chemicals by 2030?

Management: As we have discussed, from Q3 FY28 onwards, we expect revenue of {? 240 crores ?} each quarter. If we look at the annual figure, chemicals would contribute approximately 900-1,000 crores.

Regarding Sameerwadi, it is a product mix. For maize, our total annual capacity is 600 million liters, which can generate approximately 450 crores of revenue. Apart from that, sugar and ethanol are businesses based on sugarcane, so we expect revenue to remain at approximately the same level as what we are generating currently.

Operator: One question has been asked. What is the commercialization timeline, expected ramp-up curve, and peak utilization schedule for the 200 KLPD grain-based distillery expansion? How will the recovery and sale of DDGS affect the unit economics of this facility?

Management: In terms of unit economics, it totally depends on the base price because the base price keeps fluctuating and is highly volatile in the current market. Having said that, based on what we are observing, we can achieve approximately a 10% margin from ethanol on the base side.

Management: This includes DDGS.

Management: In terms of capacity utilization, we are looking at how the tender proceeds and what kind of allocation we receive from the oil companies. Based on our current experience, we do not have any problem with the sale of DDGS either.

Operator: What is the expected commercialization timeline for the 200 KLPD grain-based distillery?

Management: This was commissioned in Q1 FY27, which ended in June.

Management: It has already been commercialized. We commenced operations at the end of June 2026.

Management: We have commenced the project.

Operator: Out of the total distillery output, what percentage is allocated to OMCs under the ethanol blending program versus captive diversion to higher-value biochemical and industrial alcohol?

Management: 80%?

Management: Around 80% goes to OMCs because our capacity is very high. We produce 800 kiloliters per day, and almost 80% goes to OMCs. The balance 20% goes to other applications, including pharma and ENA. The quantity required for bio-chemicals is transferred to Sameerwadi for chemicals.

Operator: What internal threshold determines when you switch the allocation between fuel ethanol and specialty chemicals?

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Management: Normally, we look at the parity between the procurement price of ethanol for specialty chemicals and the price at which we sell to OMCs. It totally depends on the parity and whether we should switch our captive alcohol for use in specialty chemicals or sell it to OMCs.

Management: It also depends on locally available ethanol prices because local ethanol prices are seasonal. Prices differ in different months. We observe this very carefully and procure ethanol at the lowest available price.

If we get a higher price, only then do we take ethanol from the Sameerwadi side. We also take it from the Sameerwadi side for products where customers demand full traceability.

Operator: What is the anticipated crushing volume and sugar recovery rate for the upcoming sugar season across the Karnataka and Maharashtra command areas?

Management: Ma'am, we are closely monitoring the rainfall in our area, and it is very difficult to say what the expected crushing volume will be. By the middle or end of October, we should be in a position to say what the recovery and yield could be.

Management: News articles are only discussing an 8-10% reduction. This is what we are seeing, but we do not know how the situation will develop.

Management: We are closely monitoring it.

Operator: Following the government's policy shift around the sugar diversion cap for ethanol, what is the optimum product mix strategy for maximizing EBITDA per tonne of cane crushed?

Management: It will depend on the price of sugar, sugarcane, and ethanol. We are currently observing and monitoring the situation. Once we receive our tenders and know the sugar price and sugarcane price, only then will we be able to comment.

Management: When we talk about EBITDA per tonne, it comprises many variables. As ma'am mentioned, the first is the sugar price. The second is sugar recovery, and the third is how ethanol is managed. All these factors determine the EBITDA per tonne of sugarcane.

Management: It is difficult to comment at this stage.

Management: It is a very early stage to comment on that.

Operator: One question has been asked in the chat box. Are there any plans to enter the CBG segment, given that sugar crushers have the cheapest raw material available at hand?

Management: We have been evaluating it and observing the opportunity. We will see what the right opportunity is and come back to the company. We have been exploring this.

Operator: After obtaining patent approval, how much time would it take to commercialize the compound or product at maximum capacity?

Management: The patent is not for commercial application. A patent means that our innovation has been accepted. Commercialization depends on when we receive approval to enter clinical trials.

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Once we complete all the clinical trials, as we have always said, we will license the product to a pharma company. We are not going to commercialize it ourselves.

As mentioned in my presentation, our target is to receive approval for the next phase of clinical trials in November. Once the trials are approved, we will out-license the product to a pharma company. That is the commercialization process.

It is not linked to the patent in the sense that obtaining the patent today would enable us to commercialize the product in 2 years. There is no direct link, but government approvals are definitely the important factor at this stage.

Operator: In the latest quarter, the company reported a loss of 19 crores despite sales of 558 crores. Could you please explain what caused the sharp decline in profitability this quarter? Also, could you help us understand the cyclical nature of the business and the factors that typically drive the ups and downs in margins?

Management: If you look at our total business, it is equally proportioned. We have 33% sugar and power, 33% sugar and power, 33% ethanol, and 33% chemicals.

Chemical revenue is improving quarter on quarter. The Sameerwadi business comprises sugar, power, and ethanol, and it is seasonal in nature.

If you look at our quarter-wise profitability, the major profitability comes in Q4 of every year. The reason is that, in the Karnataka location, crushing starts in November, and profit starts building up from then.

During the off-season, which is typically the April to October period, we report a loss because whatever stock is available in the system is sold and the profit is generated during the season. Therefore, from April to October, the company normally makes a loss, while from November to March there is a profit.

Having said that, we have now commissioned our 200 KLPD grain-based ethanol plant, which can run for 300 days. We are further adding fungibility of 160 KLPD, through which we can run this rice-to-ethanol plant at 360 KLPD per day.

We will see the impact of this during FY28. Q1 and Q2 of the next year will have a different impact. However, at present, because of seasonality, there is a loss. I think I have answered the question.

Management: To add to that, this time the orders given by the OMCs were lower compared with the corresponding previous year. Therefore, our distillery contribution was lower than in the corresponding previous year.

Operator: Sugar and distillery operations typically tie up substantial capital in seasonal inventory. What measures are being implemented to shorten the cash conversion cycle, particularly for finished chemical intermediate inventory and receivables?

Management: Ma'am, I would like to give a simple explanation. Whatever sugar we produce, the government gives us an allotment, or quota, specifying how much we can sell each month. Based

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on the production and the quota provided by the government, we can sell that quantity, and we have to keep the balance in stock.

Management: I do not think we can do much regarding the sugar stock level. For the distillery, we maintain an inventory of 7-10 days, not more than that.

On the debtors' side, sugar is largely on a cash-against-documents basis, while for the OMCs we receive payment within a month. This is the working capital cycle for the company's sugar and power plant operations.

For chemicals, the cycle is 45 days; a working capital cycle of 35-40 days is also applicable.

Analyst1: What percentage of retail sugar sales currently flows through the branded consumer business, and what margin expansion is being achieved over institutional bulk sugar?

Management: First, regarding Jivana, we are not burning any cash on the retail sugar business that we have discussed.

In terms of total retail sugar sales, retail sugar sales are approximately 20% of total sugar sales. Last year, we achieved Jivana revenue of 129 crores. That would be in the range of 15-20% of total sugar and cogeneration revenue.

In terms of institutional sales, we sell at the market price, so there is no cash burn. If you are asking about the percentage, it is around 50-60%. Approximately 60% of sales are institutional sales.

Operator: One question has been asked in the chat box. In FY25, the company reversed around 3.7 crores of ECL provision into other income. Since the company was still making a loss, what actual recoveries or improvement in customers' credit quality allowed it to reverse such a large portion of the bad debt provision?

Management: Madam, can you repeat your question?

Operator: In FY25, the company reversed around 3.7 crores of ECL provision into other income. Since the company was still making a loss, what actual recoveries or improvement in customers' credit quality allowed it to reverse such a large portion of the bad debt provision?

Management: This reversal pertained to our power division, which is the cogeneration division. Earlier receivables had been provided for through an ECL provision. Since we received those amounts, there was income and the provision was reversed.

Operator: I think there is one follow-up question from Soham. Mr. Soham, please unmute yourself and ask your question.

Soham - Individual: No, ma'am. All of my questions have been answered. Thank you.

Operator: One question has been asked. What is the consolidated sustaining versus growth capex plan for the next 12-24 months? What threshold hurdle rate is being applied to downstream chemical expansion?

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Management: Ma'am, I will answer this in a different manner. Normally, every year we undertake normal capex of 20-24 crores. Apart from that, we have estimated approximately 20 crores of capex for drug discovery, for which we have provided a timeline up to 2030. This is the major capex that we have planned.

Apart from that, as we have mentioned, we will incur 25 crores of capex for the debottlenecking of downstream aldehyde products. We are also assessing the capex required to create further fungibility of {? 160 KLPD ?} per day in the ethanol plant, that is, from {? 200 to 160 KLPD ?}. This is the capex that we have planned at present.

Operator: I think all questions have been answered. Are there any closing comments from your end?

Management: Regarding the closing comments, what we are observing is growth in bio-chemicals, which is very evident. We are very bullish about putting in our efforts with customers and on the production side to make sure that we grow our bio-based chemicals.

Our strategy of increasing the fungibility of ethanol production should also produce results. These are the 2 areas that we are looking forward to in order to achieve better numbers.

Operator: Thank you very much, ma'am. On behalf of Arihant Capital, I would like to sincerely thank the management team for taking the time to join us today and for sharing their valuable insights about the company. If participants have any further queries, they may get in touch with the team at Arihant Capital, and we will be happy to assist them. Thank you very much, everyone. Thank you very much, ma'am, and thank you very much, sir.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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