# "Godavari Biorefineries Limited
# Q1 FY'27 Earnings Conference Call"

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**MODERATOR:** **MS. PRACHI AMBRE – MUFG INTIME INDIA PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Godavari Biorefineries Limited Q1 FY27 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 this conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Prachi Ambre from MUFG Investor Relations. Thank you and over to you, ma'am.

**Prachi Ambre:** Thank you, Sumit. Good morning, everyone, and welcome to Godavari Biorefineries Limited Q1 FY27 Earnings Conference Call. Today on the call, we have Mr. Samir Somaiya, Chairman and Managing Director, Mr. Ashish Sinha, Deputy General Manager, Investor Relations and Finance, to provide insights on the operational and financial performance.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements which are completely based upon our beliefs and expectations as of today. The statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. With this, I would like to hand over the call to Samir sir for his opening remarks. Over to you, sir. Thank you.

**Samir Somaiya:** Good morning, everyone. Thank you for joining us today for the Q1 FY27 earnings call of Godavari Biorefineries Limited. We appreciate your continued trust, engagement, and interest in our company. At the outset, let me briefly set the broader global context. The global operating environment continues to remain dynamic, with geopolitical developments, volatility in energy and raw material markets, and evolving trade flows creating challenges across industry.

In these past few months, we have transported into a world where fossil resources have become scarce, higher oil prices, and this underscores the fact that the work we are doing is even more relevant today, especially in the geopolitical context that we see.

At the same time, the transition towards bio-based and sustainable alternatives continue to gain momentum, as businesses are increasingly focusing on energy security, supply chain resilience, and more sustainable solutions. Global supply tightness is also reinforcing the importance of reliable, captive, bio-based production and supply, with increasing preference for dependable supply partners across local and export markets.

In India, the successful rollout of E20 and the continued policy focus on higher ethanol blending are supporting the long-term demand outlook for renewable fuels. The government has come out with new draft guidelines for E85 and E100 to be used as a fuel. This will lead to these fuels coming out in the market sooner rather than later and reflect the government's direction for the country to be more self-reliant in energy.

A key milestone during the quarter was the successful commissioning of our 200 kilolitres per day grain-based distillery at Sameerwadi, taking our total distillery capacity to 800 kilolitres per day. This furthers our goal for being an integrated biorefinery model where we can combine bio-based chemicals, sugar, and ethanol with flexibility to respond to the changing market conditions and capture opportunities across the value chain.

Having an additional feedstock of maize/grain gives us additional flexibility to manage volatility in product prices, feedstock costs, climate effects, and possible policy changes. The prices of sugar have increased in the past few weeks. The prices of ethanol from sugarcane juice have remained the same over the past few years. So, we will continue to look at the economics of sugar and ethanol as we make our choices of diversion.

In this context, we are evaluating the addition of 160 kilolitres per day fungible capacity within the existing 800 kilolitres per day capacity. If there is a pivot to more sugar in the coming season, there will be fermentation and distillation capacity that will be available for this grain-to-ethanol conversion. We may need to only add equipment for grain preparation at the front end.

This will further enhance our flexibility to optimize between sugar and ethanol depending on market conditions, allowing us to take advantage of favourable sugar economics while retaining the ability to deploy capacity towards ethanol using other feedstock.

This flexibility has always been central to our integrated biorefinery model. As markets evolve, we can optimize the allocation of our feedstock and capacity across sugar and ethanol, allowing us to capture opportunities across the value chain. With the next phase of ethanol blending in India and increased sugar price realizations, we believe this flexibility will become increasingly valuable.

Coming to the quarter, we have commenced FY27 with resilient performance. Total income for Q1 grew by 4.9% year-on-year. The bio-based chemicals business delivered a strong quarter, with revenue increasing 19.4% year-on-year and EBITDA growing 53% year-on-year. The benefits of the debottlenecking initiatives undertaken earlier are now translating into improved operating efficiencies and profitability.

In our integrated sugar, co-generation and ethanol operations, the quarter remained challenging, with feedstock conditions, rising manufacturing costs and ethanol tender allotments putting some pressure on the business. At the same time, improved sugar realizations provide an opportunity to benefit from better sugar economics going forward.

Innovation also continues to be an important part of our efforts to build future growth platforms. During the quarter, we secured a Japanese patent for our novel anticancer molecule and filed an application with the CDSCO for preliminary efficacy trials for our triple-negative breast cancer molecule, with trials expected to commence from Q3 FY27, subject to government regulatory approvals.

This marks a significant milestone in translating our R&D efforts into potential clinical applications. Overall, the quarter saw encouraging momentum in our bio-based chemicals business, progress in strengthening our ethanol platform, and continued advancement in our innovation-led growth initiatives. We also secured an Indian patent for a cost-effective process to manufacture branched alcohols, further strengthening our intellectual property portfolio.

**Disclaimer: Due to technical/network connectivity issues, the opening remarks were not clearly audible during the call and have therefore been reproduced from the prepared management commentary.*

Going forward, we will continue to focus on scaling specialty chemicals, improving product mix, and further strengthening the competitiveness of this business. As mentioned earlier, our efforts of debottlenecking the chemical business are showing significant improvements in sales and EBITDA. We expect this trend to continue and are seeing good market demand.

We have, therefore, decided to invest a further INR25 crores in debottlenecking our capacity to be able to further meet the growing demand for our bio-based specialty chemical business. Looking ahead, we remain focused on growing our bio-based chemical business through debottlenecking, a stronger contribution from higher-value products, and improved operating efficiency.

In ethanol and sugar, we will continue to leverage our integrated and fungible platform to respond to market opportunities while progressing on our next phase of capacity and innovation initiatives. Overall, we remain focused on disciplined execution, improving profitability, and building a more diversified and resilient business.

With that, I would like to now hand over the call to Ashish Sinha, who will take you through the financial performance in greater detail. Over to you, Ashish.

**Ashish Sinha:** Thank you, sir. Good morning, everyone. Let me take you through the key financial highlights for the quarter. For Q1 FY27, revenue from operations stood at INR557.9 crores, up by 4.6% year-on-year, while total income stood at INR559.9 crores, representing a growth of 4.9%. EBITDA stood at INR2.6 crores compared to INR6.5 crores in Q1 FY26, with margin at 0.5% against 1.2% last year.

Profitability was impacted by elevated inventory carrying cost and higher raw material prices. The bio-based chemicals business delivered a strong performance with revenue growing 19.4% year-on-year to INR168.7 crores, and EBITDA increasing 53% to INR19.2 crores. EBITDA margin expanded to 11.4% from 8.9%, supported by favorable product mix and the benefits of the debottlenecking initiatives.

The integrated sugar, cogeneration, and ethanol segment remained under pressure. Revenue was INR 377.9 crore compared to INR382.8 crores in Q1 FY26, while EBITDA loss widened to INR14.6 crores from INR4.5 crores. This was primarily due to challenging feedstock conditions and higher manufacturing cost, although improved sugar realization provided some support. At the consolidated level, the lower operating profitability along with higher depreciation resulted in a net loss of INR19.3 crores compared to INR16 crores in Q1 FY26.

Overall, while the quarter saw near-term pressure on consolidated profitability, we remain focused on improving operating efficiency, strengthening margins, and maintaining financial discipline. We believe the initiatives undertaken across our business will support an improvement in operating performance as we progress through the year. Increased sugar realization is creating a more favorable environment for our integrated sugar and ethanol platform.

Now we can open the floor for the discussion.

**Moderator:** The first question is from the line of Santosh Shetty from LGC Capital. Please go ahead.

**Santosh Shetty:** Good morning, sir.

**Samir Somaiya:** Good morning.

**Santosh Shetty:** So, sir, could you just give us an update on the commercialization roadmap for DME and bio-butanol, and when these platforms could start contributing meaningfully to the business?

**Samir Somaiya:** I will talk to you about one by one. DME, as we said last time, is in the pilot trials. The pilot trials are progressing well. But from a timeline of when we will know how the pilot trials conclude will be by March of 2027. So, that will be a good time to know how they have been completed and what the scale-up idea of that can be. At this time, the pilot trials are continuing as planned. I think that's the first one.

On the bio-butanol, we are seeing essentially one development is the use of bio-butanol as a chemical intermediate, where we have secured an MoU with Synthomer. We continue to seek out more customers to do that. At the same time, in our country in India, there's recently a call from the government to look at pathways to make butanol for supplementing the fuel energy security and transition. So, we are also engaging there.

So, we will continue to keep you updated as we go forward. From a technical standpoint, this is this is there. But we are looking at the market as it comes to customers of butanol, bio-butanol as a chemical intermediate, and are quite interested in exploring the opportunity the government has recently brought forward to look at bio-butanol as its green transition roadmap.

**Santosh Shetty:** That's great, sir. And just another question, on the TNBC candidate, what would be the next major milestones from here, and how are you evaluating the potential for an out-licensing opportunity?

**Samir Somaiya:** The drug discovery for breast cancer? Is that what you asked?

**Santosh Shetty:** Yes, sir. On the like TNBC drug candidate...

**Samir Somaiya:** So if I go back to the last milestone that we did was the successful completion of the safety trials. The next step was to apply to the government CDSCO to get approval for the preliminary efficacy trials. So, this currently in July, we have filed or just I think last week, we have filed the application the CDSCO, which itself is one milestone. The next milestone we expect will be the permission from the CDSCO to start these preliminary trials. We are hoping for we get these permissions by the end of this third quarter FY27. That's the next milestone we expect.

**Santosh Shetty:** Thank you.

**Moderator:** Thank you. The next question is from the line of Dhananjai Bagrodia from Alchemy. Please go ahead.

**Dhananjai Bagrodia:** Hello, sir.

**Samir Somaiya:** Good morning.

**Dhananjai Bagrodia:** Good morning. Firstly, thank you for taking the time. I just want to understand how big is this opportunity for this molecule drug and is this something which we are doing alone versus other players in the world, just to understand how big can this opportunity be for us?

**Samir Somaiya:** Triple-negative breast cancer comes in a few forms, and triple-negative breast cancer has the most difficult prognosis globally. So, therefore, this is a very large market. But and the way of drug discovery goes, first, it is in pre-clinical trial, when trials are done on cell lines and later on small animal models.

After that, it goes into clinical, which is safety, then preliminary efficacy, and if preliminary efficacy is successful, then large-scale clinical trial and then a business into the market, provided you get approvals and good efficacy results all the way through at each step of the way. As a company, we have completed the pre-clinical and the safety in clinical. We are now going to the next step of preliminary efficacy.

Hoping that those results are favorable, it is the point at which we will then look at out-licensing the molecule or finding partners for the same, because we are not a pharmaceutical company with either a national or a global footprint. We are research-driven. At that time, we will look to out-license. But assuming it is successful, it is a very large market to be met for treating triple-negative breast cancer.

**Dhananjai Bagrodia:** Sure. And sir, would we require more fund-raising to fund this R&D or expansion in this?

**Samir Somaiya:** No, our estimate of taking it to preliminary efficacy is about INR20 crores over the next 2 to 3 years. So, we do believe that we have the resources for this purpose within the system.

**Dhananjai Bagrodia:** Okay, sir. So, no capital raise right now. And sir, secondly, this new CBG policy which has come out, is that something which we are looking at for any benefit along those lines?

**Samir Somaiya:** So back to what I said in the opening remarks, that in this geopolitical environment that has happened over the last year and a half and further in the last 3 to 4 months, we as a country and as a planet suddenly find ourselves transported to a time where fossil resources have become scarce. This is something that we were talking about even before that this may happen, not for geopolitical reasons, but what we were talking about development.

But now this issue suddenly has as if you have gone fast forward in that time. As a result of which, the government is looking at the green transition with greater, I would say, urgency, which is where that butanol call has also come and you are seeing the CBG also come. And you will also see, assuming our DME pilot trials are good, then you can see that because that is an LPG substitute.

And CBG is a CNG substitute. So, we are thinking that all opportunities in the green transition, whether it be in chemicals across the world or in energy in India, are very exciting to look at. So, yes, we have a lot of pressmud available, and pressmud is a feedstock for CBG. So, we will look at all these transitions as we go forward. So, yes, of great interest.

**Dhananjai Bagrodia:** And sir, just lastly, this year's ethanol tendering, let's say last year's was 1,000 LPD. Would we be expecting much more than that?

**Samir Somaiya:** That question is best asked to the OMC…

**Dhananjai Bagrodia:** No. But any, any…

**Samir Somaiya:** India is a rapidly growing large economy of the world. The economy is growing, and this consumption for mobility across the nation, whether it be petrol or diesel, is also growing at equal to or higher than the country's GDP growth rate. So, we definitely look at a ethanol in at the same levels of blending, that means even with E20 with the growth in fuel consumption, there will be an increase. In addition, the government has issued draft guidelines for E85 and E100. And companies such as some of the auto companies have launched a flex-fuel engine. So, we definitely should see higher ethanol demand going forward.

**Dhananjai Bagrodia:** Okay, fine. But no like specific numbers or anything on those lines?

**Samir Somaiya:** I may not know the answer to that question.

**Dhananjai Bagrodia:** Fair enough. And sir, any other risk we are seeing, because just to understand are there any risks we are foreseeing coming up?

**Samir Somaiya:** We were and we remain very focused on looking at climate effects, because there was a prediction of El Niño. So, we are very focused. Our areas are Maharashtra, Karnataka that we examine, and we look at rainfall in our area of operation as well as dam levels, because the dams are what provide us water during the entire year, and the rainfall is what helps the soil immediately. So, one is with canal irrigation and another is rainfall.

I would like to say in the last 3 to 4 weeks, a lot of the initial water I mean the rain issues have been addressed at least in these regions. Dam levels have improved compared to the very low levels they were a month ago, and rainfall has been there. So, that was a risk. It continues to be something that we are looking at, but the last few weeks have definitely addressed some of those fears that we have.

Otherwise, you know, the world is in complete volatility. We are looking at the geopolitical change which we may not have been able to predict. But so overall, I would say that it underscores our integrated model, because we have a model of making multiple products, food, that is sugar, ethanol, and biochemicals. And now we have added sugarcane and maize and rice as feedstocks.

So it gives us a great opportunity because we have optionality to switch between sugar and ethanol, or use more maize, or also switch in terms of ethanol where we want to put our products. We also can make ENA, we are supplying to other markets, ethanol blending program, and also chemicals from ethanol. So, I think it is it is good to have optionality to be able to address risk and to address the growth opportunity that we are seeing in growth in the green transition.

**Dhananjai Bagrodia:** This is really, really helpful. Thank you so much, and best of luck.

**Moderator:** The next question is from the line of Kranthi Bathini from WealthMills Securities Private Limited. Please go ahead.

**Kranthi Bathini:** Hi, sir. Can you just throw some light about the progress of DME, and when these revenues can be realized over a period of time, and what kind of progress you are making? Because last quarter and all, there was a focus and announcements with respect to DME. What kind of progress you made with respect to DME is concerned?

**Samir Somaiya:** Yes, sir. Thank you for the question. What I just mentioned to one of the other person who asked the same question was that DME is a great product in this green transition. We are in continue to be in pilot trials. The pilot trials are proceeding as planned. Final results of how the pilot trials have done will come latest by March of 2027.

Only after the success of those pilot trials, we will be able to talk about what the commercial possibilities are. But as of now, the pilot trials are going as scheduled. We expect results latest by March 2027. And the government's initiative to go for the green transition, DME becomes equally and more important.

**Kranthi Bathini:** Okay. And sir, with respect to the business focus is concerned, what is your core focus area going to be in the next couple of quarters and next couple of years' time?

**Samir Somaiya:** So, our core focus is the integrated biorefinery, in which we convert agriculture feedstock into food, fuel, and chemicals and materials. So, we will continue to look at diversifying feedstock and diversifying products across this and create greater optionality to deal with the volatility in the market and take opportunities for growth as our customers seek to have more green feedstock and also reliable supply chains. Also, in drug discovery, we remain committed to take this drug into hope to test it in terms of preliminary efficacy, and if that is successful, to find out-licensing partners for this molecule.

**Kranthi Bathini:** Thank you, sir. Best wishes for all your endeavors. Thank you.

**Samir Somaiya:** Thank you. And just to add the bio-based chemicals, we are seeing great opportunity there. In the first quarter of this past compared to the quarter before, we have seen a good increase from about INR141 crores to INR169 crores, and we are anticipating in this coming quarter INR190 crores of business.

And we are looking to invest about INR25 crores to further debottleneck this, because we are seeing great demand from our customers in India and overseas for this our green bio-based chemicals. So, we are seeing a great opportunity in taking this forward, and all this growth in the business that will come from debottlenecking will come from bio-based specialty chemicals.

**Moderator:** Thank you. The next question is from the line of Soumya from Neva Securities. Please go ahead.

**Soumya:** Good morning. Thank you so much for the opportunity. My first question was on chemical business. The chemical business has seen a significant improvement in profitability. How should we think about the sustainability of the current margin profile, and what could be the steady-state margin potential?

**Samir Somaiya:** So, we are look Thank you for the question. The debottlenecking that we did last year is what has showing that change now in this year. So whenever we do a debottlenecking, there is a time it takes once you do the debottlenecking then to enter the market. So, if we were at INR141 crores in Q1 FY26 and we are at INR169 crores now, and expecting to be INR190 crores in this current quarter, this shows that A, we have done the debottlenecking, and we will and we are now being able to take that debottlenecking into the market.

So, that's one first point. We definitely see this as a continuing business and a growth opportunity. Because of this growth opportunity, we are looking to invest INR25 crores in further debottlenecking, and we anticipate that to be completed by early next financial year. And therefore, we further expect that business to grow to a quarterly business of about INR240 crores per quarter, once we complete the debottlenecking and enter the market. And definitely we see this as a sustainable and a growing market opportunity.

**Ashish Sinha:** And just want to add, the growth in the bio-based chemical would come from the bio-based specialty chemicals.

**Soumya:** Okay, sir. Got it. Sir, secondly, with tighter sugar ethanol economics, how would you prioritize sugar versus ethanol production? And how valuable is this additional feedstock flexibility in optimizing these economics?

**Samir Somaiya:** Thank you again for this question. It looks like you have heard us well. What our thought process with the it's closely monitoring the [Inaudible 00:26:49]…

**Soumya:** Hello, sir. I had asked about sugar versus ethanol production and about the additional feedstock flexibility.

**Samir Somaiya:** Thank you for waiting, Soumya. Sorry for the inconvenience.

**Soumya:** No issues, sir. No worries, yes.

**Samir Somaiya:** No, this is very, we closely looking at the prices of the sugar and the ethanol from sugarcane juice, and we will look at also the government policy in the allotments of the same. Now, in this event, we are also, therefore, looking that in case we choose to divert more sugarcane juice to sugar, then we will automatically have some sugarcane fermentation and distillation capacity free.

So, therefore, we are exploring the addition of a 160 kilo litre per day maize preparation grain preparation facility so that we can take advantage of the idle sugarcane distillation and fermentation capacity that will be available.

So, therefore, we have this so two things: changing sugar economics makes us look at how we divert and use sugar capacity, and at the same time, having flexibility of maize and facilities in the old sugarcane facility will make us look whether we should quickly debottleneck the maize preparation facility, overall ethanol capacity remaining the same of 800 kilo litres per day, but an ability to have better capacity utilization of both the sugar and the ethanol facilities leading to higher business. Did that answer your question?

**Soumya:** Yes. It definitely does, sir. Sir, lastly, could you throw some light on outlook for E20 and beyond, the demand growth, and how you expect the ethanol sales mix to evolve?

**Samir Somaiya:** So, E20 has been running in India for about 1.5 years now, and the rollout has been successful for this entire period. In the last few months, the government announced draft guidelines for E85 and E100, and certain auto companies have also launched flex-fuel vehicles.

So, taking and looking at the geopolitics of fuel requirements for India, India's growth prospects, farmer income security, and addressing climate, we see a long-term impact of E20 and higher rollout to be very positive. And so, because with E85 and E100, these fuels will find their way into the market, and overall the transition will take place.

**Soumya:** Okay, sir. Thank you so much for the opportunity, and all the best for the future.

**Samir Somaiya:** Thank you. Thank you.

**Moderator:** Thank you. The next question is from the line of Soham from Vajani Capital. Please go ahead.

**Soham:** Sir, could you please share the closing sugar inventory of this quarter end?

**Samir Somaiya:** Can you please repeat the question?

**Soham:** I was asking, could you please share the closing sugar inventory of this quarter end?

**Ashish Sinha:** It's about 65,000 tons of sugar.

**Soham:** 65,000 tons. Okay. And one more question, like given the current sugar prices environment, how do you expect the existing inventory to be monetized over the coming years? Like should we expect any inventory gains or margin expansion?

**Samir Somaiya:** I think basically, what these stocks are there in our system, some of it is in long-term contracts, and some of it is in open. So, that's one answer to you. Secondly, we will have to definitely the sugar prices, the industry has always wanted a higher MSP and in terms in response to increasing cane prices over the past few years and sugar prices remaining static.

So, the increasing sugar prices are there, this certainly will improve the economics of the sugar sector going forward. How that unfolds in the next year, we will see when we come to know closer to the season.

**Soham:** Okay. Thank you so much, sir.

**Moderator:** Thank you. The next question is from the line of Suhani Singh from ROS Capital. Please go ahead.

**Suhani Singh:** Hello. Hi, good afternoon, sir. So, I just had a couple of questions. So, how are you looking at the growth trajectory for the bio-based chemical business over the next 12 to 18 months, particularly after the strong performance in Q1, I think?

**Samir Somaiya:** So, as I mentioned, in this current quarter, we are hoping to get a sales of about INR190 crores, over and above last year last quarter's, meaning what the reported quarter's numbers of INR169 crores. So, that's what we are expecting in this coming quarter, and we expect that business to sustain. That's point one.

We are looking to invest INR25 crores to further debottleneck the bio-based specialty chemical sector, because we are seeing good demand growth in India and across our export markets. When that implementation will be complete in the beginning of financial year 2028, we expect that full market penetration, that business to be around INR240 crores per quarter.

So then, going up from the INR190 to INR240, and all of that coming in bio-based specialty chemicals. And we continue to see opportunities in this sector, and so we will keep updating you as we go along.

**Suhani Singh:** That helps. So, could you give us some color on expected timing for the next phase of distillery expansion, and the potential returns from the proposed 160 KLPD fungible capacity?

**Samir Somaiya:** Now, right now, as we said, we are what we previous I think Soumya had asked a question, how do you look at that? We are examining the opportunity that if the diversion of sugarcane juice to sugar is lower than what we had done last year, and that leaves us with idle distillery capacity in the sugarcane sector in as compared to higher sugar capacity utilization.

We want to take advantage of that by simply building what we call front-end maize preparation devices, so that after that maize is prepared, it goes into the into the current fermenters which are fungible. So, we can update you as we go along. We are seeing this opportunity and we want to see that we can capture it as quickly as possible.

**Suhani Singh:** That helps. That's all from my side. All the best.

**Samir Somaiya:** Thank you.

**Moderator:** Thank you. The next question is from the line of Soham from Vajani Capital. Please go ahead.

**Soham:** Hello, am I audible, sir?

**Samir Somaiya:** Yes.

**Soham:** Actually, right now, you just said that you have 65,000 of sugar inventory. So, can you just give a rough estimate like how much do you have for long-term and open market? Like the ratio of that 65,000?

**Samir Somaiya:** I am not exactly sure. I can make a statement, but I do not have the number in front of me. The long-term contracts may be in the range of 15,000 to 20,000 out of that 65,000. But I'm not exactly sure I want to state that.

**Soham:** Okay, thank you.

**Moderator:** Thank you. The next question is from the line of Nimish Verma from AAS Capital. Please go ahead.

**Nimish Verma:** Hello, sir. I have a few set of questions. So, the first one being, how are you seeing the operating cash flows evolving as the business mix improves, and do you expect the recent improvements in gross margins to sustain through FY27?

**Samir Somaiya:** So, I'm going to ask you to repeat both your questions separately. Can you please do that?

**Nimish Verma:** Sure. How are you seeing the operating cash flows evolving as the business mix improves?

**Samir Somaiya:** So definitely in the chemical sector, we are seeing the gross margins improve and sustain, and therefore, the cash flows we are looking to put in for that INR25 crores of debottlenecking expansion, which once done, we expect that to further improve. So, that's a straight reply to your question. What was your second question?

**Nimish Verma:** And do you expect the recent improvements in gross margins to sustain through FY27?

**Samir Somaiya:** So, in the chemical sector, we certainly do. In the sugar, so in maize ethanol, we have also implemented, so that will also improve the business going forward. We are definitely seeing the ethanol blending program of the government to continue. Maize ethanol, grain ethanol has played a dominant part in this current tender, so we expect that opportunity to also be there. We will have to also look at the monsoons and the planting to see how those margins play out in the coming season.

**Nimish Verma:** Okay, sir. Thank you. And my other question would be, with the distillery expansion and other investments underway, how should we think about the leverage trajectory and finance cost over the medium term?

**Samir Somaiya:** So, as we say as we said now we have already invested in the grain-based facility. Currently, we are looking at, as we said, INR25 crores investment into the bio-based chemicals business, which we are talking about debottlenecking. We will have better ideas as to the debottlenecking of the grain-based front-end facility as we go along. We that so we will so we are looking at broadly keeping debt levels similar or a margin or a slight change, not major changes in the overall debt-equity structure.

**Nimish Verma:** Okay, sir. Thank you. Thank you for the opportunity.

**Moderator:** Thank you. The next question is from the line of Pahal Sharma from DD Capital. Please go ahead.

**Pahal Sharma:** Hello, sir. Thanks for the opportunity. I have a few questions with me. First is that given the global supply tightness, like are you seeing stronger customer interest in GBL's bio-based chemicals, and like could this be translated into a more meaningful export opportunity going forward?

**Samir Somaiya:** Definitely, we are seeing greater interest. Customers are looking now also at supply chain reliability as we go forward. And because of the oil price changes or fossil changes which are much higher, the gap between the fossil and the green has narrowed.

So, we are definitely seeing greater interest, which is reflecting in our greater business in this last quarter and the business that will happen in this quarter, and which is what is encouraging us to make this debottlenecking so that by next year, we have further increase in business. So, we are definitely seeing much greater interest in bio-based specialty chemicals abroad and at home.

**Pahal Sharma:** Great, great, sir. And my second question is that like how should we think about capital allocation over the next couple of years, particularly like with respect to growth capex, then like deleveraging and further investment in the business?

**Samir Somaiya:** We are immediately looking at investing in the bio-based specialty debottlenecking. You have already seen the EBITDA of the last quarter. We definitely think that we can sustain that investment with our numbers. We are also, as I said, quickly looking at if we can front-end the maize preparation devices, given that the distillation and fermentation infrastructure for the higher capacity would be available.

So, we are looking at what I will call quick wins in the new environment. As we will see opportunity coming for DME or in the bio-butanol space, for bio-butanol, for example, the Government of India has announced a call to look at opportunities for putting up these facilities. So we will explore options as we go along.

Right now, we are focusing on the debottlenecking of bio-based chemicals, and also on front-end investments for quickly debottlenecking what I will call maize preparation devices. And of course, we remain committed to spending INR20 crores over the next 30, 33 months on drug discovery to take it through the safety trials.

**Pahal Sharma:** Okay, sir. Understood. That's all from my side. All the best, sir.

**Samir Somaiya:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Samir Somaiya for closing comments.

**Samir Somaiya:** So, thank you, everyone, for your interest today. We remain committed to the green transition. We are seeing great opportunities in bio-based chemicals, where customers seek transition to a lower-carbon economy and are wanting supply chain confidence in this. The fossil price increase has transported us into a world where that scarcity is appearing to be more real.

So, the interest in our customers and the government for the green transition in India appears to be stronger. We are also very happy we commissioned our 200 kilo litre per day maize/grain ethanol project. In the light of the new economics that we see in this sector, we are also looking at further adding maize front-end capacity so we can be more flexible and have greater optionality in optimizing our product mix and creating best value for us.

We have applied to the CDSCO for our drug discovery preliminary efficacy trials. We are hoping that in Q3, we start our trials subject to government regulations. So, it's been very interesting for us, and we thank you for your support as we go forward.

**Moderator:** Thank you very much. On behalf of MUFG Investor Relations , that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.