

Godavari Biorefineries Ltd. Raises \$15 Million (Rs. 90 Crore) From Mandala Capital

MAY 12, 2015

Godavari Biorefineries Ltd, ("Godavari"), one of India's leading and sustainable manufacturers of foods, biofuels, specialty chemicals, power and related products, using sugarcane as the primary feedstock, today announced that it has raised \$ 15 million (Rs 90 Crore) in equity, from funds managed by Mandala Capital.

This investment in research and innovation to address the Global needs for Green products and Chemicals is part of Godavari's strategy to enhance returns by strengthening the portfolio of higher--margin products to address the significant and growing demand for chemical products made from renewable feedstock. Godavari's strength in manufacturing and expertise in renewable feedstock provides high yields and low conversion costs.

In recent years, Godavari has been following a strategy focused on creating higher value than its peers globally from every unit of its feedstock, be it sugarcane, molasses, ethyl alcohol, bagasse, or, in the future, any other biomass. In pursuit of its vision to increase the current level of extracted value, Godavari has been investing heavily in innovation, research and collaboration in the production of sugar, power and ethanol and in the manufacture of value added, complex chemicals derived from ethanol as well as the waste products of the sugar refining process.

The funds invested by Mandala Capital will be used for Phase I of this strategy, which involves a new manufacturing plant for specialty chemicals, an increased capacity for ethanol production, debottlenecking of existing plants and strengthening the company's utility infrastructure. It will also fund an expanded facility for research and development.

Godavari has a current capacity to manufacture over 70 million liters of ethanol (ethyl alcohol) and is among the larger producers of ethanol in India. It is a pioneer in the use of ethanol as a feedstock for the production of chemicals and is among a handful globally, to make and sell chemicals from ethanol. Some of the chemicals it manufactures currently include acetaldehyde, ethyl acetate, crotonaldehyde, MPO, paraldehyde, and other specialty chemicals, often providing an alternative, renewable source of supply to oil--based petrochemicals. Godavari's products find applications in paints, printing inks, pharmaceuticals, flexible packaging, fragrances and cosmetics. Godavari is a preferred supplier to a wide number of Indian companies, and global multinationals such as Hindustan Coca--Cola Beverages Limited, BASF and others including some of the world's leading companies in the beverage, confectionery, pharmaceuticals, fragrances and chemicals sectors.

Samir Somaiya, Chairman, Godavari Biorefineries Ltd. said, "Research and sustainability is at the core of all that we do. Our focus is on developing new production processes to manufacture specialty and high

performance chemicals using biomass as raw materials within the value chain. For us, innovation in green chemistry is a source of growth and expansion for the company as well as our commitment to the triple bottom line of social, ecological and financial gain.”

Uday Garg, CEO of Mandala Capital said, “We have followed the progress of Mr. Samir Somaiya and his team at Godavari for several years and witnessed firsthand the transformation of the Company from a traditional sugar business into an integrated bio refinery. The “**more value per ton**” strategy is ambitious and innovative. Early successes in supplying complex chemicals to the exacting requirements of global players demonstrate the viability of the process chemistry being developed by Godavari, its impact to the bottom line and the ability of the team to innovate sustainable solutions for customers on a commercial basis.”

Godavari Biorefineries Ltd. a member of the Somaiya Group, was established in 1939 and is one of the leading companies in the Indian Sugar Industry. It has sugar, ethanol, power and chemical plants in Karnataka and Maharashtra. Godavari expects a turnover exceeding Rs. 1,200 crores for the year ended March 2016.

Godavari believes in pursuing the triple bottom line in its approach to doing business. All of this is powered by innovation. The company is working with its farmers to ensure soil health, water use efficiency, and intercropping, to enable the farmer to earn better returns while at the same time, keep the earth healthy for the long term. Godavari also works by creating social infrastructure for education in the area that it serves.

Mandala Capital Ltd. manages private equity funds that invest in companies focused on the agribusiness sector in the Indian subcontinent.