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IPO Report

25th Sept '25

Snapshot

Company is one of India's largest biofuels producers, having strategically positioned itself as a prominent and diversified player in the biofuels industry, particularly in the Ethanol sector. Company hold the distinction of being the largest Ethanol producer in India based on installed capacity, with an aggregate installed capacity of 2,000 kilo litres per day ("KLPD") and an operational capacity of 1,800 KLPD, as of March 31, 2025. Company's market share is amongst the largest in terms of Ethanol production capacity in Fiscal 2025, at 3.6%.

VALUATION

Company is bringing the issue at price band of Rs 472-496 per share at p/e multiple of approx. 29x on post issue FY25 basis. Company has largest installed capacity for production of ethanol in India & assured supply of key raw materials and utilities. Company as scalable and vertically integrated biofuels player with rapid scale up with multiple CBG plants, positioning itself among India's leading producers of CBG/Bio-CNG. Company is well-positioned to capture favourable industry tailwinds. entrenched customer relationships, creating a strong demand pipeline
Hence, we recommend "Subscribe" to the issue.

Price Band (Rs./Share)	472-496
Opening date of the issue	25th Sept '2025
Closing Date of the issue	29th Sept '2025
No of shares pre issue	7,06,31,624 Eq Shares
Issue Size	Rs 835-839 Cr
Fresh issue	Rs 750 Cr
Offer For Sale	18,00,000 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	30

BIDDING DETAILS

QIBs (Including Anchor)	50% of the offer (Approx 84,60,483 Eq Shares)
Non-Institutional	15% of the offer (Approx 25,381,146 Eq Shares)
Retail	35% of the offer (Approx 59,22,339 Eq Shares)
Lead managers	DAM Capital, SBI Capital Markets,
Registrar to the issue	Bigshare Services Pvt Ltd

WHAT WE LIKE

Largest Installed Capacity for Production of Ethanol in India

As of March 31, 2025, company is the largest producer of Ethanol in India in terms of installed capacity. (Source: CRISIL Report) As of the date of this Red Herring Prospectus, company have established five distillery units in Karnataka. As of March 31, 2025, four of company's molasses and sugar syrup-based distillery units were operational, and company had an aggregate operational ethanol production capacity of 1,800 KLPD and installed capacity of 2,000 KLPD. Company's unit at Kulali Cross, Jamkhandi Road, Mudhol, District Bagalkot, Karnataka, TBL Unit 1, has an installed capacity of 700 KLPD, its unit at Hippargi-Maigur, Jamkhandi Taluk, Bagalkot District, Karnataka,

Entrenched Customer Relationships, Creating a Strong Demand Pipeline

As part of the EBP, OMCs sell petrol blended with an average 19.05% Ethanol as of July 2025, which will be increased to 20.00% by ESY 2025-2026. With OMCs which are Government of India enterprises, company have successfully bid for supply of Ethanol, pursuant to which company have received letters of intent, and subsequent purchase orders for the supply of certain quantities of Ethanol to them as per their allocation guidelines.

Well-positioned to Capture Favourable Industry Tailwinds

The biofuel market in India is majorly divided into Ethanol, CBG and biodiesel currently, of which Ethanol forms a major chunk. The Indian biogas market is expected to grow up to USD 2.25 billion in 2029, at a CAGR of 6.3% between 2022 and 2029. (Source: CRISIL Report) As part of company's product portfolio, company produce Ethanol and CBG. Along with Ethanol, the Government of India is looking forward to exploring CBG as an addition in the biofuel mix of the country.



COMPANY BACKGROUND

Company's Business Verticals

Ethanol

As of the date of this Red Herring Prospectus, company have established five distillery units in Karnataka. As of March 31, 2025, company operated four Ethanol production distilleries on molasses and syrup-based feedstocks, with production capacity (installed operational capacity)

Diversify Sources of Ethanol Production

By March 2026, out of the 2,000 KLPD installed capacity, company intend to convert 1,300 KLPD of company's current mono feed (sugarcane juice / sugar syrup / molasses) capacity to dual-feed, capable of producing ethanol from grainbased feedstocks or grains unfit for human consumption. Progressively, company also intend to increase company's operational capacity from 1,800 KLPD as of March 31, 2025 to 2,000 KLPD. As part of company's Ethanol production, company also produce extra neutral alcohol ("ENA"), the primary raw material in the production of alcoholic beverages. Company's product portfolio also includes dry ice and liquid carbon dioxide ("CO2"), by-products in the Ethanol production process.

Compressed Biogas ("CBG") Production Capabilities

Through its Subsidiary, Leafiniti, company is one of the first producers of CBG under the Sustainable Alternative Towards Affordable Transportation ("SATAT") scheme introduced by the Government of India in 2018. Company is rapidly expanding its CBG capacity with multiple plants and are set to become one of India's leading CBG/ bio-CNG producers. Company's Subsidiary, Leafiniti, operates one CBG plant with a capacity of 10.20 tonnes per day ("TPD") as of March 31, 2025, which also produces solid and liquid fermented organic manure ("FOM"). To strengthen company's CBG capabilities further, on August 11, 2025, Company entered into a share subscription cum shareholders' agreement with GAIL through which its Subsidiary, Leafiniti will commence setting up multiple CBG units across various locations in a phased manner, of which 20 locations have been identified in the subscription cum shareholders' agreement. GAIL is proposing to hold not more than 49% shareholding in Leafiniti, In order to further explore strategic partnerships to expand its CBG capabilities, company have entered into a memorandum of understanding ("MOU") dated November 18, 2024 with a globally recognized Japanese trading and investment company and a Japanese gas company to establish a joint venture for setting up multiple CBG plants starting from three to five CBG plants in different parts of India.

Additionally, company have signed a non-binding term sheet dated February 18, 2025 and a memorandum of understanding dated October 25, 2024 with Sumitomo Corporation Asia & Oceania Pte. Ltd. for potential collaboration in the bioenergy sector. The initial phase will involve developing four CBG plants (three in Karnataka and one in Maharashtra), followed by future projects in ethanol and sustainable aviation fuel.

OBJECTS OF OFFER

The Offer comprises of a Fresh Issue up to ₹ 75,000 lakhs by Company and an Offer for Sale of up to 18,00,000 Equity Shares by the Selling Shareholders.

of the Fresh Issue

Company proposes to utilize the Net Proceeds towards funding the following objects (collectively, the "Objects"):

1. Funding capital expenditure towards setting up multi-feed stock operations to pave- way for utilizing grains as an additional raw material in ethanol plants at TBL Unit 4 of 300 KLPD capacity;
2. Funding company's working capital requirements; and
3. General corporate purposes.

RISKS

Company's business is currently primarily dependent on the sale of ethanol. Any reduction in the sale of ethanol, or its ability to produce and sell ethanol, or in the price at which company is able to sell ethanol, may have an adverse effect on its business, results of operations, cash flows and financial condition.

Source:RHP



Consolidated Financials

(Rs in lakhs)

Financials	FY23	FY24	FY25
Total Revenue (A)	76238.03	122340.47	190772.40
Total Expenditure (B)	65733.38	103531.96	159858.03
EBIDTA	10504.65	18808.51	30914.37
EBIDTA Margin	13.78	15.37	16.20
Other Income	0.00	5678.30	6080.38
Depreciation	2075.08	5691.79	6689.37
EBIT	8429.57	18795.02	30305.38
Interest	3531.06	14307.61	14361.10
PBT	4898.51	4487.41	15944.28
Share of profit in Asso	0.00	0.00	0.00
PBIT	4898.51	4487.41	15944.28
Exceptional	0.00	0.00	0.00
PBT	4898.51	4487.41	15944.28
Tax	-1352.52	-1306.62	-1280.43
PAT	3545.99	3180.79	14663.85
NPM	4.65	2.60	7.69
ROE%	14.74	12.02	19.07has
EPS	7.10	4.25	20.94
Eq Cap	6,107.58	6,107.58	7,063.16
Net Worth	24,049.47	26,460.66	76,899.90

(Source: RHP)



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