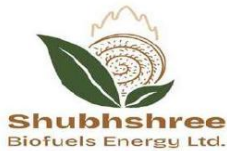


“Shubhshree Biofuels Energy Limited
FY26 Earnings Conference Call”

June 01, 2026



**MANAGEMENT: MR. SAGAR AGRAWAL -- CHAIRMAN AND MANAGING
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MEET PATEL – INVESTOR RELATIONS CONSULTANTS –
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*Shubhshree Biofuels Energy Limited
June 01, 2026*

Moderator: Ladies and gentlemen, good day and welcome to the Shubhshree Biofuels Energy Limited FY26 Earnings Conference Call, hosted by Capital Bridge Advisory Services. 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, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Sagar Agrawal, Chairman and Managing Director of Shubhshree Biofuels Energy Limited. Thank you, and over to you, sir.

Sagar Agrawal: Good afternoon, everyone and thank you for joining us for the maiden earnings conference call of Shubhshree Biofuels Energy Limited. I hope you have all had a chance to review our financial results and investor presentation, both of which have been uploaded on our website and stock exchange. Joining me today on this call: Mr. Animesh Pal, Senior General Manager Operations, and Mr. Hrishit Jhaveri and Meet Patel, our Investor Relations Consultants at Capital Bridge Advisors.

Now, I will hand over the call to Mr. Animesh Pal to walk you through our company overview. Thank you.

Animesh Pal: Thank you so much, Sagar ji. Allow me to begin with a detailed overview of our journey and the strategic blueprint guiding our growth. Shubhshree Biofuels Energy Limited has rapidly emerged as a differentiated leader in India's clean energy sector, with a focus on solid biomass fuels.

Our growth is supported by India's net-zero ambitions and the Ministry of Power's mandate for biomass co-firing in thermal power plants. We have evolved from being solely manufacturers of briquettes and pellets to an integrated end-to-end green energy solutions provider operating through two distinct, yet highly synergistic business models.

The first one is the Farm-to-Factory biomass manufacturing model. We have deployed a robust direct-to-farm supply chain that aggregates surplus agricultural and forestry residues such as mustard husk, groundnut shells, soya residues and other agricultural waste from a broad and decentralized network of farmers.

This integration provides us end-to-end control over sourcing, processing, and logistics, enabling delivery of a standardized, high-quality coal alternative. This model also creates significant ESG

value by offering rural communities stable secondary income and reducing harmful stubble burning, thereby contributing to carbon emissions reduction.

The second model is the end-to-end boiler management, Pellet-to-Ash model. We have commercialized a comprehensive boiler management service to address operational challenges faced by industrial clients transitioning from coal to biomass.

Under our Utility-as-a-Service model, we manage the entire thermal energy process, from fuel supply and combustion optimization to ongoing maintenance and ash management. We guarantee a contracted volume of green steam at fixed prices, ensuring reliable energy with minimum downtime for clients. The mineral-rich ash is responsibly reused, supporting a circular economy. This model strengthens client relationships, secures three-to-five-year contracts and enhances margin stability.

Our vision is to be the preferred partner in industrial decarbonization across India. By combining a strong local supply chain with advanced technology-enabled utility management, Shubhshree is well-positioned for long-term participation in the global sustainable energy transition.

On the macroeconomic front, geopolitical tensions in West Asia and disruptions in key shipping routes have caused crude oil prices to spike approximately 60% recently. This volatility underscores the risk of heavy industries' dependence on imported fuels. We are witnessing accelerated interest from manufacturers seeking both decarbonization and domestic energy security.

Our localized price-stable and fully integrated solid biofuel solution provides a reliable alternative that insulates clients from global market fluctuations, driving strong growth prospects for Shubhshree Biofuels Energy Limited.

I will now hand over the call to Mr. Sagar Agrawal to walk you through operational and financial highlights. Thank you so much.

Sagar Agrawal:

Thank you, Animesh ji. Now we will go towards our operational highlights. Operationally, FY26 has been a very good year for us. Our in-house manufacturing capacity has been increased to 450 metric tons per day and we are operating at 80% utilization of our plant. During FY26, we reached several critical operational milestones that define our next phase of growth.

We successfully integrated a comprehensive ERP system to strengthen our supply chain planning, procurement efficiency, and inventory management. This has already started reducing our turnaround times.

We have successfully procured a 40-ton torrefaction R&D plant from China. This facility is on track to be commissioned by July/August '26. Torrefied biomass acts as a direct drop-in substitute for coal with a significantly higher calorific value, which will allow us to cater to specialized industrial requirements and increase our margins.

Now going towards financial performance. Revenue from operations for the full year '26 stood at INR202 crore, reflecting a healthy growth of 25%. EBITDA for FY26 come in at INR16 crore, up by 39%. For H2 FY26 specifically, EBITDA stood at INR10 crore, up by 58% year-on-year compared to H2 FY25. PAT for the full year '26 stood at INR11 crore, a growth of approximately 37% from INR8 crores in FY25, with a PAT margin at 5.5%. For H2 FY26, PAT stood at INR7 crore, reflecting a 69% growth over H2 FY25.

We continue to maintain a lean and efficient balance sheet. During FY26, we deployed INR4 crores in capital expenditure, our working capital manage remains highly disciplined. Our cash flow conversion cycle currently stands at 59 days, compared to inventory days at 19 days, debtor days at 69 days and payable days at 27 days.

On our return metrics, we delivered a Return on Equity of 26.8% and Return on Capital Employed of 35.9%. These figures strongly reflect the high capital-effective nature of our business model. Coming to FY27, our top-line target is near about INR350 crores, and going towards '28, it is INR500 plus crore.

With that, I request the operator to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Rushabh Shah, an individual investor. Please go ahead.

Rushabh Shah: Hi, thank you for the opportunity. Am I audible?

Moderator: Yes, you are audible, sir.

Rushabh Shah: Yes, okay. Thank you, sir. So, I have two questions. One is primarily regarding customers, include public sector undertakings like NTPC and thermal power plants, driven by the government's 5 percentage co-firing mandate. So this specific segment represents a demand of approximately 2 lakh tons per day, right?

Sagar Agrawal: Right.

Rushabh Shah: And we also continue to serve private industrial customers in sectors like textiles, pharmaceuticals, and chemicals. Am I right?

Sagar Agrawal: Right.

Rushabh Shah: Or are we adding any new sectors to this?

Sagar Agrawal: Almost all sectors have been covered. First, regarding thermal power plants, there is currently a 5% mandate, which they have to increase to 30% by FY30. However, 5% is also a huge target, and it will take time to fulfill. Right now, they are using only about 0.2% of their capacity. And

if we talk about new sectors, all pharmaceutical companies, textile units and steel industries are moving toward green fuel.

Rushabh Shah: Noted. And one last question, sir. Moving forward, our revenue mix will also be supported by the expansion of our boiler operations and maintenance services and integrated fuel management solutions. So, do we anticipate this expansion will help generate INR500 crores in total revenue in the next two years?

Sagar Agrawal: Definitely, sir. O&M and boiler operations is not a huge revenue-based business; it has small revenue. But what we get from it is a completely integrated supply chain handle. Wherever we have operations, we also get the supply chain there. The supply chain has good revenue, and while O&M doesn't bring that much revenue, it is a part of the supply chain because biomass is a new fuel, everyone does not know how to use this biomass fuel, so we guide them on how to use the fuel.

Rushabh Shah: Noted. Thank you, sir. That is all from my end. All the best.

Moderator: Thank you. Our next question comes from the line of Ranjit with Vitta Labs. Please go ahead.

Ranjit: Hi, congrats to the management for a very good set of numbers. I would like to ask about where you stand in terms of capacity, current capacity utilization, and for the next FY27, what plans you would like to approach, and also the capex front as well. So, if you have any numbers on the capex front you could share, also guidance as well?

Sagar Agrawal: Right now, we have five operational plants, and our target is to establish five more operational plants in FY27. We are just waiting for some orders. In whichever area we get orders, we will speed up establishing our plants in that area. And there will be a capex requirement when we establish new plants.

Ranjit: How much capex are you planning? What is the plan?

Sagar Agrawal: We are planning for near about INR15 crores to INR20 crores of capex in FY27.

Ranjit: Okay. And in your H2, how much capex did you do last financial year, FY26?

Sagar Agrawal: In H2 FY26, we did around INR4 crores of capex, and we did more capex in H1 and exact number we will share with you.

Ranjit: And what is the current capacity right now?

Sagar Agrawal: Manufacturing capacity is 450 metric tons per day.

Ranjit: Okay. And after this capex, how much will it become?

Sagar Agrawal: 1,000 tons per day.

- Ranjit:** Okay. And do we have a sizable order book to cater to all this?
- Sagar Agrawal:** There is no issue with orders today; there is a shortage of supply in the market. The thermal power plants want to buy 2 lakh metric tons per day, but they are getting only 20,000 metric tons per day. And the thermal power plant is a different sector; there is double the demand in the private sector. So, they are also having a shortage of fuel.
- Ranjit:** And if this geopolitical tension ignites further, let's say for six, seven months more, how can it impact our raw material prices? How large it can impact?
- Sagar Agrawal:** Our substitutes are FO, LDO, and gas. Before the war, the LDO and FO price was INR60 to INR70 a liter. At that time, we were 30% cheaper than LDO and FO. Now the price has increased to INR120 per liter or INR130 per liter. Our price has increased only by INR7 to INR8. Earlier it was INR7, now it is INR8. So, there is an increase of only 10% in biomass fuel, but in liquid fuel or gas fuel, it is an increment of 100%. Now we are maybe 60% to 70% cheaper than gas and oil. So, it is good for us.
- Ranjit:** Okay. And any guidance for FY27 in terms of percentage growth for the top line and bottom line?
- Sagar Agrawal:** Last year, the top line was INR200 crores; this year we are planning for INR350 plus crores for the top line.
- Ranjit:** That's massive.
- Sagar Agrawal:** Lots of new opportunities have opened up in the market for the use of biomass fuel.
- Ranjit:** Yes, all the best. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Ashish Pareek, an Individual Investor. Please go ahead.
- Ashish Pareek:** Thank you for the opportunity. Am I audible, sir?
- Sagar Agrawal:** Yes, sir, you are audible.
- Ashish Pareek:** Sir, you are giving guidance of INR350 plus crore. So, on a conservative side, would you be able to achieve INR350 crores if the war ends and prices settle down? Will you still have the tailwinds in the business you are doing? If there is any benefit you are getting because of the war, suppose the war ends tomorrow and the situation normalizes, in that case, please tell me a conservative guidance that you think you will be able to achieve?
- Sagar Agrawal:** First of all, we are not benefiting because of the war; the clients who are using biomass fuel are benefiting, whereas they were previously using LDO and FO. For the new clients, it was cheaper

even before, but now the situation has changed, so all the new boilers are coming for biomass fuel, and many people are also converting to biomass fuel.

Whether the war continues or not is a different scenario; that is temporary for one, two, or three months. It is not affecting our business; our top line didn't increase or decrease because of it. But the users of biomass have benefited a lot. They are saving lot of money because of using biomass.

Ashish Pareek: Understood. So, you are saying that the shift toward biomass might continue; it might be structural and remain. So, conservatively, you are planning for INR350 crores?

Sagar Agrawal: Yes, sir.

Ashish Pareek: You have the visibility of INR350 crores revenue, sir?

Sagar Agrawal: Yes, sir, we have total visibility of INR350 crores.

Ashish Pareek: Okay. And the last question is regarding the capex funding. You are incurring capex, so will it be internal accruals, or will you be raising equity or debt?

Sagar Agrawal: Internal planning is currently underway, and within this week, we will close the planning and make it public how we will raise the funds.

Ashish Pareek: So, is there any plan to further dilute the equity?

Sagar Agrawal: Everything is in the planning phase right now; nothing has been decided yet.

Ashish Pareek: Noted, noted. Thank you so much for patiently answering my questions. Thank you so much and all the best.

Sagar Agrawal: Thank you, sir.

Moderator: Thank you. Our next question is from the line of Shreyansh V. Shah from Fort Capital Investment Advisors. Please go ahead.

Shreyansh V. Shah: Hello, sir. Thank you for the opportunity. Sir, the raw material cost has fallen from INR3 per kg to INR2 per kg via your VLE network optimization. So, I just wanted to understand, is it sustainable, or this was one-time benefit driven by a bumper harvest in FY26?

Sagar Agrawal: If we talk about the raw material cost, three years before, the raw material cost was INR3.50 to INR4. Gradually, technology improved, the number of people involved in aggregation increased, the aggregation system improved, and automation increased in the market, so the price started coming down. There is a slight seasonal effect, but as technology improves and people enter this business, the raw material cost will definitely go down.

Because even now, in Haryana and Punjab, raw material collection has been happening for the last 10 years, yet 80% of the raw material is being burned. And in the whole of India, 100% of raw material is being burned. There is a lack of infrastructure in India; that's why the raw material cost is a bit high right now.

Shreyansh V. Shah: Okay. So, you mean to say that it will also go from INR2 to INR1.50 over two to three years?

Sagar Agrawal: The target is to bring it under INR2.

Shreyansh V. Shah: Okay. Sir, one more question regarding this torrefaction technology you have imported. So, you claim that realization would improve from INR7 per kg to INR12 per kg, around a 71% price increase. But sir, any confirmed buyers or any off-take agreements signed by you for this particular product?

Sagar Agrawal: We have.

Shreyansh V. Shah: Is it significant or just minuscule to the revenue?

Sagar Agrawal: No, they are significant.

Shreyansh V. Shah: Okay, okay. Thank you, sir. That's it.

Moderator: Thank you. Our next question comes from the line of Samrudhi Shinde with PhillipCapital. Please go ahead.

Samrudhi Shinde: Hello, sir. Good afternoon. I had one question, which is, what is the expected capex outlay ?

Moderator: I request you to please check the mode that you're using on the handset. Please go ahead.

Samrudhi Shinde: Yes, I had one question, which is: what is the expected capex outlay for the next two years?

Sagar Agrawal: In the next coming year, we are targeting about INR15 crores to INR20 crores capex.

Samrudhi Shinde: For the next two years, right?

Sagar Agrawal: For the next year, for one year only, FY27.

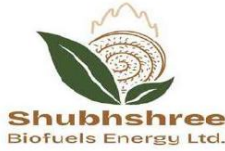
Samrudhi Shinde: Okay. And about '28?

Sagar Agrawal: Ma'am, your voice is not coming properly to me.

Samrudhi Shinde: Okay, that's it from my end.

Moderator: Thank you. Our next question comes from the line of Maitri Shah with Sapphire Capital. Please go ahead.

- Maitri Shah:** Yes, hello. Am I audible?
- Sagar Agrawal:** Yes, you are audible.
- Maitri Shah:** Yes, good afternoon. A few questions. Firstly, on the capacity expansions. We are expanding our capacity from 450 tons per day to 1,000 metric tons. What do you see as the timeline for this, and in what phases are we going to add this? Any sort of color on that?
- Sagar Agrawal:** Our paperwork has been done. We are expanding our plants toward Bihar, Uttar Pradesh, and Karnataka. We are waiting for some orders, whichever state's order comes first, we will set up a plant there only in the first phase. Our plant setup time is near about three months, we can start production in three months. Our site is identified, the location is identified, and the raw material survey has been done in all places. We are waiting for some orders from there.
- So within a month or two months, we will receive some LOIs, then we will start establishing our plant. We have to establish our plant in Bihar, Uttar Pradesh, Karnataka. Where we will go first depends on which agency is very fast to give the order. Whichever order comes first, we will start expansion there first. Maybe next month we will start operations in Karnataka.
- Maitri Shah:** Okay. And how do you see the demand? How are the orders coming? How much demand is floating outside? Any sort of color on the market side?
- Sagar Agrawal:** Biomass fuel is a little bit of a difficult fuel to use. So, all the power plants are trying to use this fuel. There are approximately 280 power plants in India. Out of those, 72 have done co-fire testing, which ran successfully. And 30 power plants have also started using it. So this year, our target is for 150 power plants to do co-fire tests and 70 to 80 power plants to start using it in their day-to-day activities.
- If they start using it, it will be a very huge market right now. And those who are currently using it are also not able to get proper fuel. There is a shortage of fuel right now also. Like last year, it was a 5% mandate in the NCR region, this year it is a 7% mandate. It will also increase day by day.
- Maitri Shah:** So with so much demand right now in the market, do you see competition increasing, and then once the competition increases, our margins kind of having pressure? Do you see that?
- Sagar Agrawal:** There is no margin pressure because raw material is free of cost, only collection cost is incurred. And if demand comes in any field, competition will definitely come, you cannot stop that. And there is such a huge demand that players will also come, and competition will also come. Our company has only one target, we should have a presence all over India.
- Maitri Shah:** So, maybe 2-3 years down the line, what sort of target is our capacity? What market share do you want to have in this industry?



*Shubhshree Biofuels Energy Limited
June 01, 2026*

- Sagar Agrawal:** If we talk about the 5% mandate, the market size is about a INR55,000 crores demand from power plants only. And right now, our total business revenue is 40% from the power plants and 60% is private sector players. So if this sector grows, our revenue will 100% grow. And if the private sector grows, our revenue will grow from there as well.
- Maitri Shah:** Got it. Yes, thank you. All the best.
- Moderator:** Thank you. Our next question comes from the line of Heer Sheth with HDFC Securities. Please go ahead.
- Heer Sheth:** Thank you for this opportunity. So my question is, what were the primary trends in the raw material sourcing cost and the mix realized during FY26? So, can you just give a brief on this?
- Sagar Agrawal:** Ma'am, we procure -- am I audible?
- Heer Sheth:** Yes, Yes.
- Moderator:** Sir, you are audible. You may proceed.
- Sagar Agrawal:** Ma'am, we procure all the raw material from farm waste only. In this, we have different types of farm waste depending upon the season, like mustard husk, groundnut shell, soybean husk, paddy straw, corn waste, cane trash which we call sugarcane leaves, and cotton husk. In different areas, there is different agro-waste.
- Our main focus is on paddy straw, which is prevalent in Haryana and Punjab. It is prevalent all over India, but because of the Delhi NCR pollution, Haryana and Punjab are more famous. So our target is to educate some farmers to collect this raw material and supply it to our plants. So people collect it from the farm instead of burning it. We give them a good price for their collection.
- And all the collection is automated, no labor is included in this. Everything is collected by machine, collected by tractor, from picking up from the farm to loading and unloading, all has been done by machines only. So it's a fully automated process. It was not an automated process three to four years back, but now it has been developing day by day.
- Heer Sheth:** Okay, thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Apar Bansal with Planify Capital Venture Fund. Please go ahead.
- Apar Bansal:** Hi, good afternoon. Thank you for the opportunity. Am I audible?
- Sagar Agrawal:** Yes, you are audible, sir.

- Apaar Bansal:** Sir, firstly, many congratulations on the numbers that you have achieved. Sir, my question is that you have mentioned that you will be opening five new plants in this year and in year next also you will be opening some plants. So how is your penetration going to be? Like, will you appoint some distributorship, or how will we reach the end farmers?
- Sagar Agrawal:** We do not have to reach the farmers directly, we have middlemen, and they are at the local farmer level, whom we call Village Level Entrepreneurs. So our own team goes there and develops Village Level Entrepreneurs because in every village, there are different types of people who also want to do business.
- Every farmer is not capable of getting the machines to collect this agro-waste, not everyone knows how to collect agro-waste or how to do business. So there are Village Level Entrepreneurs; we educate them and guide them on machinery, how the cheapest fuel will be collected, and we have a buyback agreement with them. And those people do the collection and deliver all the fuel to our plants.
- Apaar Bansal:** Okay. I need to understand that, as you said, there are 280 power plants, out of which only 32 have currently bought this product. So there is a huge demand over there. So, as we are established right now, we have the first-mover advantage. So, as previous speakers also asked, the market could be fragmented. So how are we thinking of some strategy right now so that we would be leading only? If you could throw some light on that.
- Sagar Agrawal:** If we talk about the thermal power plants, we capture about 5% to 8% of the total market share of the supply to thermal power plants in India. And according to 5%, the whole demand is INR55,000 crores a year.
- We grow in that same ratio, so the revenue will be endless. And that is only 40% to 50% of our total revenue. Apart from this, there is the private sector, in all the MNC companies, we have got a portfolio of more than 450 companies in India. You name any MNC company; that is our customer.
- Apaar Bansal:** Other than 8%, how would this be operating?
- Sagar Agrawal:** From small players, some other players. And this 5% has to go to 30% of the market share of biomass pellet blending. Hello?
- Moderator:** Please go ahead, sir.
- Sagar Agrawal:** So the current market share of 5% has to go to 30% of the blending system in biomass power plants. So that will be huge.
- Apaar Bansal:** Thank you.

- Moderator:** Thank you. The current participant seems to have dropped from the queue. Shall we proceed to the new -- next participant?
- Sagar Agrawal:** Yes, sir. Please.
- Moderator:** Thank you, sir. Our next questioner is Rao Shubham with Rao Family Office. Please go ahead. Mr. Rao Shubham, your line has been unmuted. You may proceed with your question. As there is no response from the current participant, we will move to the next question, which will be from the line of Arpit Prakashkumar Jodhani, an Individual Investor. Please go ahead.
- Arpit Jodhani:** Hello? Am I audible?
- Moderator:** You are audible, sir. You may proceed.
- Sagar Agrawal:** Yes, you are.
- Arpit Jodhani:** Yes, sir. Congratulations for the great set of numbers. I have two questions. How are we going to see the utilization rate in the future? Currently, we have 80%, will it increase or is it going to decrease? And about the margin expansion in the coming two or three years?
- Sagar Agrawal:** The utilization of 80% is because of the raw material, because the plants that have just been set up have new raw material, as raw material comes twice a year depending upon the crop. So the 80% utilization is because of the raw material shortage in the new plants, the raw material crop is now going to come in the next two months after the rainy season.
- So as soon as it comes, that will be on 100% utilization. And all our plants are expandable plants. In our old plants also, we have started increasing our capacity. A 100-metric-ton plant will go to 200 or 250 metric tons this year.
- Arpit Jodhani:** Okay. And how is it about our order book? Or is it long-term service agreement, or is it a short-term service agreement with the supplier or customer?
- Sagar Agrawal:** We have got long-term agreements also -- 3 year, 4 year agreements, 1 year, 2 year agreements and short-term agreements we have also for 1 month or 2 months, depending upon the market price.
- Arpit Jodhani:** Okay, thank you.
- Moderator:** Thank you. Our next question comes from the line of Rakesh Shah with Jhaveri & Shah Family Office. Please go ahead.
- Rakesh Shah:** Yes, thank you so much for the opportunity and congratulations on a good set of numbers in such an uncertain market. I wanted to ask a couple of questions. First being, what exactly is our competitive advantage if at all I look from a lens of a specific industry that I'm operating in, and

as well as some sort of replacement industry for any other companies out there? What sort of competitive advantage do I carry, and how do we aim to capture the unorganized market share that we have?

Sagar Agrawal:

For the competitive advantage, our solution is an end-to-end solution. The new model we have just started, we are providing an end-to-end solution. We are collecting our own agro-waste from the farms, after which we manufacture it ourselves. Secondly, we supply it to the plant, then in the boilers, our own team is feeding it. We are doing the O&M of the boiler, we are maintaining the steam-to-fuel ratio, and we are also doing the ash handling.

So we have broken the network of four or five people in the supply chain and given an end-to-end solution to the plants. So our competition level has decreased completely, and we are able to get long-term orders from those plants 3 year and 5 year orders.

Rakesh Shah:

So on the competitive level, the players that are involved in the business don't have this tough backward as well as forward integration the way we have it, correct?

Sagar Agrawal:

Right. The competitors we have are currently focusing only on the manufacturing and sale of biomass pellets. And our company is focusing on an end-to-end solution, how to feed the raw material, how to feed the fuel, how to maintain the boiler-to-steam ratio in the fuel, and ash handling as well.

Rakesh Shah:

Okay, understood. And on the second part of the question, how exactly do we aim to capture the unorganized market share that is there in the industry?

Sagar Agrawal:

The market share will be increased -- we are just waiting for the demand. Demand is gradually increasing; fuel is being used in power plants, and many boilers from the company's side are putting in biomass boilers. Even after the war, many companies have started changing their boilers, but it takes time; a boiler doesn't change in a day. It takes 5 to 6 months to change a boiler, to build a supply chain system for biomass fuel. So as the boilers change, we will take their end-to-end solution, so the competition will gradually decrease.

Rakesh Shah:

Okay, got it, understood. And my last question is that in terms of incentives given by the government, how exactly are we looking at these sort of favorable policy changes for the company in the industry or not?

Sagar Agrawal:

If we talk about incentives, we have got some subsidies on setting up a new plant. There are some central government subsidies and some state government subsidies. So near about 30% to 40% of our plant cost we can recover from the subsidy from the government.

Rakesh Shah:

Okay. Any sort of new incentives you looking from the government side? Any sort of policy that has been, right now and then the initial stages or top of the stage in the government body? Is it something that you're looking at?

- Sagar Agrawal:** The government is very aggressive for the biomass pellet manufacturing ecosystem to develop. MNRE is giving some subsidies, the Central Pollution Control Board is giving some subsidies, and the local government and state government are giving some subsidies. Everyone is pushing this business. They are giving subsidies to boilers also. The people who are using biomass fuel as a main fuel, the government is giving subsidies to boilers also, saying, Install this boiler, we will give you a subsidy, and we are giving subsidies to pellet manufacturers.
- Rakesh Shah:** Okay, understood. Thank you so much for answering the questions. Just a last request before I join back the queue. Can you actually arrange a factory visit or a group factory visit for the plant just to understand how exactly the whole production method works and the entire value chain that you've right now been explaining, saying that it's a competitive advantage for us? So we would be more than happy to look at that whole process and everything if possible.
- Sagar Agrawal:** Anytime, sir, anytime. We will plan this month only.
- Rakesh Shah:** Sure, thank you so much. I'll join back the queue.
- Moderator:** Thank you. Our next question comes from the line of Tejas Shirodker with Vyom Capital. Please go ahead.
- Tejas Shirodker:** Hi, am I audible?
- Moderator:** You are audible, sir. You may proceed.
- Tejas Shirodker:** Yes, so I have a question -- I don't know if this question is answered or not -- about the cash conversion cycle going up. Is it like a trend, or is it going to stabilize at this level? I just wanted to understand that.
- Sagar Agrawal:** The cash conversion cycle depends upon the raw material and the season basically. Like last year, it rained a lot. Like we have a rainy season in June-July, but there it rained for 6 months. So the cash conversion cycle got a little disturbed because of that. So it's a season-based business, a crop-based business, so this cycle keeps going up and down a bit. Like our crop which was to come in August came in November-end, so the whole 2 months got disturbed. So if 2 months are disturbed, the whole year gets disturbed.
- Tejas Shirodker:** Okay, understood. And sir, I wanted to ask one more thing regarding the previous answer you gave. You said subsidies are given to boilers, basically everyone in the value chain gets a subsidy. Can you quantify, like, what percentage, how much percent cheaper it becomes for them?
- Sagar Agrawal:** There are three or four things in this. Like when we set up our plant, we have a production-based incentive and some capital incentive. So we can recover 30% to 40% of our capex cost from our subsidy from the government. And I don't have the exact data on what is given for installing a boiler, so I will give you the reply to that.

Secondly, they are currently using fossil fuel, some coal, gas -- not coal, gas and liquid fuel. So we were 30% cheaper before the war, now we are 70% to 80% cheaper to them.

Tejas Shirodker: Okay. Okay. Give us next time details later.

Sagar Agrawal: And sir, in this, with our buyers, it is also compulsory, like some textile units; they are exporting their clothes to European countries. So they have said to our factories that only if you are carbon neutral will they buy products from them. In this way also, many buyers have converted to us in the last 6 months, many big MNC companies in the textile industry. The same is happening in the steel sector; if they are carbon neutral, people who are carbon neutral will get a premium as green steel in European markets. So because of that also, there is a lot of trend in biomass.

Tejas Shirodker: Understood. This is all from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Sahil Sanghvi with Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Hi, sir. Am I audible?

Sagar Agrawal: Yes, sir, you are audible.

Sahil Sanghvi: Yes, first of all, congratulations on really good numbers. My first question is regarding the operating cash flow, which remains negative. So, with respect to the working capital requirement that's constantly increasing, how will we achieve the positive cash flow? When do you think that's possible? How should we look at all of that?

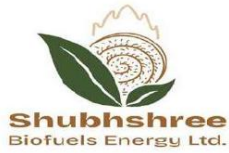
Sagar Agrawal: Right now, our cash flow depends upon the season a bit, and the company is also growing, like we went from 160 to 200, and from 200 to 350. So, the cash flow cycle will be a little disturbed. So planning is going on how to improve the cash flow cycle. This week's target is only this: from which way we will get the fund for our capex and how the cash flow cycle will increase. So, we will increase it; that is not a difficult task. It depends a bit on the season for us because it is an agriculture waste product.

Sahil Sanghvi: Okay, Secondly, sir, the guidance that you've given of the revenue generation, what kind of major risk do you see in achieving this number, and have you accounted for those risks? Is this number after accounting for those risks?

Sagar Agrawal: We have uploaded everything after accounting for everything and doing calculations. And we have many different revenue streams, like we have a sale to small industries like PepsiCo, Coca-Cola, Dabur India, or such small MNC companies. One is our sale to thermal power plants. One is our sale to end-to-end solutions in which we are selling bio-steam. And there are two or three new projects with the company, like Napier grass, torrefaction they will also increase our revenue a lot and profitability will increase.

- Sahil Sanghvi:** Correct, correct. So, what could be those two or three things which could be a bigger risk for you, if you would like to mention?
- Sagar Agrawal:** The risk is if farming stops in India, then agro-waste will decrease, so our raw material will be short; that is a very big risk for us. Otherwise, agro-waste is available all over India, it is burning everywhere, so we just have to collect it from the farm.
- Sahil Sanghvi:** Okay, okay. Fine, sir. Thank you and well done to you and your team. Thank you.
- Sagar Agrawal:** Thank you so much, sir.
- Moderator:** Thank you. Our next question comes from the line of Rao Shubham with Rao Family Office. Please go ahead.
- Rao Shubham:** Hi, everyone. A very good afternoon. I hope I'm audible clearly.
- Sagar Agrawal:** Yes, hello.
- Moderator:** Sir, you are audible. You may proceed.
- Rao Shubham:** Yes, first of all, congratulations on a good set of numbers. I have a few questions. Like within the end-to-end boiler management segment, how are pricing agreements being structured to manage your own fuel price volatility while keeping client retention high?
- Sagar Agrawal:** Regarding the fuel price, we do contracts with them for three months. We give them a projection of the next three months, we fix the price for the next three months, and the fuel price doesn't vary that much; it varies up to 5%, so we handle it. If it varies more than that, then the company has to bear that price in the fixed model -- And our contract for steam cost is variable in fuel prices.
- Rao Shubham:** Sounds good. So, what is the specific timeline for scaling the current R&D in torrefaction technology into a commercially viable product, and what margin premium do you anticipate it commanding over traditional biomass pellets?
- Sagar Agrawal:** Sir near about six months, we will start the commercial production. And the margin will definitely increase very well, more than double or triple in the torrefaction sector compared to the non-torrefied biomass pellets.
- Rao Shubham:** Okay, that sounds good. That's all from my side. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Krishna Patel with Marutinandan Capital Private Limited. Please go ahead.
- Krishna Patel:** Hi. Hello, am I audible?

- Sagar Agrawal:** Yes.
- Krishna Patel:** Okay, thank you for taking my question. I would like a better sense for understanding the cash dynamics as we scale up our operations, given that, we have the upfront cost in biomass supply and the natural lag in client payments. I have a question in two parts. Firstly, how are we practically managing the compounding working capital strain on the ground, and are we negotiating any different payment terms with our industrial clients or changing, how we pay our current vendors?
- Sagar Agrawal:** Ma'am, it depends from vendor to vendor. Like when we collect directly from the farm, we have to give direct cash payment, same-day payment, because the farmer doesn't have this much bandwidth. But when we involve some middlemen, we have different formulas with them for payment terms. We do some collection, we get some collection done on our basis by helping them, so that our plant's supply chain remains regular.
- We need fuel for 12 months; fuel comes for two months in a year. We collected for seven to eight months, and we got our vendors to collect for three to four months by giving them a long-term order. In this way, our supply chain is developed, and in this way, our working capital cycle, and cash flow cycle run.
- Krishna Patel:** Okay. And secondly, looking ahead, what specific operational milestones or capacity utilization thresholds do we need to hit before the business starts reaching a sustained cash flow neutrality?
- Sagar Agrawal:** Ma'am, the target is to set up a 1,000-ton plant in this year. So, there will be a cash flow issue, but that can be managed easily; that is not an issue. Because initially, our target is that once the 1,000-ton plant runs and its sale starts, everything will be managed automatically, when the production reaches 1,000 tons.
- Krishna Patel:** So that will sustain our production?
- Sagar Agrawal:** Definitely.
- Krishna Patel:** Okay, thank you.
- Moderator:** Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Sagar Agrawal:** To summarize our outlook, we remain firmly on track toward the 1,000-metric-ton-per-day manufacturing target by FY2027. Our torrefaction initiative positions us to move up the value chain into higher-margin value-added products.
- On the demand side, there is a total requirement of approximately 5 lakh metric tons per day of biomass fuel, out of which the thermal power plant sector alone accounts for 2 lakh metric tons per day, providing us with substantial long-term revenue visibility for FY2027 and beyond.



*Shubhshree Biofuels Energy Limited
June 01, 2026*

And thank you, everyone, for joining this call today. Please feel free to reach out to Capital Bridge Advisor in case of any queries.

Moderator:

Thank you. On behalf of Capital Bridge Advisory Services, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.