

Shubhshree Biofuels

Reuse Agri Waste to Bio-Energize Green Future

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Processing Unit

Agri Waste



Industry/Power Plants



Industry/Power
Plants



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(All Prices as on November 28, 2025)

November 28, 2025

Company Initiation



Key Financials – Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. Cr)	94.2	163	220	290
EBITDA (Rs. Cr)	4.2	10.6	16.5	23.2
Margin (%)	4.5%	6.5%	7.5%	8%
PAT (Rs. Cr)	3.3	8.1	12.2	17
Margin (%)	3.5%	5%	5.5%	5.9%
EPS (Rs.)	8.7	15.6	23.4	32.7
Gr. (%)	-15%	146%	50%	40%
EV/Sales (x)	-	0.96	1.00	0.76
EV/EBITDA (x)	-	14.6	13.4	9.5
PE (x)	-	19.3	17.9	12.8
P/BV (x)	-	5.2	5.2	3.7

Key Data Shubhshree Biofuels Energy

CMP	Rs. 420
Exchange	NSE Emerge
Platform	SME
Symbol	SHUBHSHREE
52-W High / Low	Rs. 495 / Rs. 269
Sensex / Nifty	85,730 / 26,210
Market Cap. (Rs.)	Rs. 220 Cr. / \$ 25 Mn
Shares Outstanding	0.52 Cr.
1M Avg. Daily Volume	8,000

Shareholding Pattern (%)

	Sept '24	Sept '25
Promoter's	73.45	73.58
Foreign	4.56	0.11
Domestic Institution	3.20	0.95
Public & Others	18.79	25.35
Promoter Pledge	0.00	0.00

Stock Performance (%)

	1M	6M	12M
Absolute %	-0.00	8.8	54
Relative %	-0.3	-0.95	-3.87

*NSE Energy Index

November 28, 2025

Shubhshree Biofuels Energy Ltd

Rating: BUY | CMP: Rs. 420 | TP: Rs. 650 | Horizon- 24 Months

Transforming Agri-Waste into India's Green Energy

We initiate coverage on Shubhshree Biofuel Energy Ltd. with a 'Buy' rating. As India's only listed company dedicated solely to solid bioenergy, Shubhshree leverages an integrated "farm-to-fuel" model, transforming agricultural waste into high-quality biocoal in the form of pellets and briquettes that serve as a 100% substitute of traditional coal. With ambitious plans for boosting its production capacity to over 1,000 tonnes per day and a strategic shift towards power sector dominance, backed by government mandates for biomass co-firing in thermal plants (up to 7% by FY26), Shubhshree is uniquely positioned. The vast addressable market, driven by India's immense agricultural residue surplus, underpins its significant growth runway.

Service Offerings: Shubhshree Biofuel Energy Ltd. offers comprehensive solid bioenergy solutions, converting agricultural waste into 100% coal substitute pellets, briquettes, and husks. Their integrated "farm-to-fuel" model ensures end-to-end supply chain control, delivering high-quality, customized biofuels tailored to client-specific needs. Beyond products, the company provides biomass supply chain management, industrial boiler operations, and technical consultation. These eco-friendly and cost-effective alternatives empower industries and power plants to achieve green energy goals and significantly reduce their carbon footprint.

Financial Overview: SBEL has demonstrated strong financial performance with:

- Revenue CAGR of 173% over FY22-25, reaching Rs. 163 Crore in FY25 (73% YoY growth)
- EBITDA CAGR of 215% over FY22-25, standing at Rs. 11 Crore in FY25 (margin of 6.5%)
- Profit After Tax (PAT) of Rs. 8.1 Crore in FY25 (margin of 2.6%)

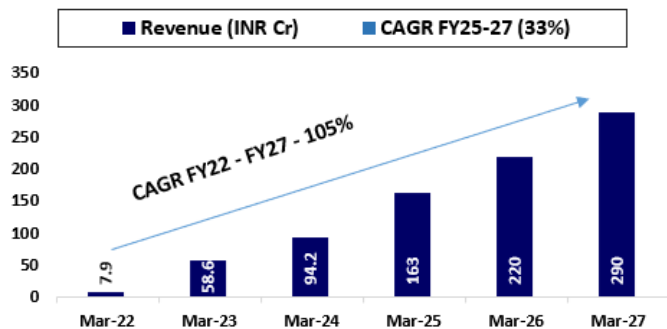
Strategically expanding footprints across India: Shubhshree Biofuel Energy Ltd. is actively expanding its operational footprint across India, with four current plants in Rajasthan, Haryana, Madhya Pradesh, and Chhattisgarh. The company aims to boost its total capacity from 450 tons to a target of 1000 tons per day in the coming years. This expansion is strategically supported by an innovative "plant in plant" Joint Venture model with local rice millers, significantly reducing infrastructure costs and securing prioritized raw material supply, as seen with its Basna (Chhattisgarh) plant serving multiple power plants. Key strategic locations are chosen based on power plants footprint and complementing raw material availability such as the Basna, Chhattisgarh plant, which leverages a JV model with local rice millers to secure first priority for RM while serving eight power plants within a 150 km radius. Furthermore, the company is investing in advanced torrefaction technology with a pilot plant in Haryana to produce higher-value products.

Outlook and Valuation: We expect Sales/EBITDA/Net Profit to grow at CAGR 33%/48%/45% respectively over FY25-FY27 supported by mandatory biomass co-firing in thermal power plants set to reach 7% by FY2025-26, and a phased adoption by brick kilns, aiming for 50% by 2028-29, company's targets to more than double its topline over the next two years, underpinned by an expanded production capacity to 1,000 tonnes per day including new torrefaction capabilities in its Haryana plant, and a strategic shift towards a 50-50 sales split between industrial and power sectors. We initiate coverage with a "BUY" rating and value the company at 20x P/E on FY'27E EPS, arriving at a Target Price of Rs 650 per share (upside 55%).

Story in charts

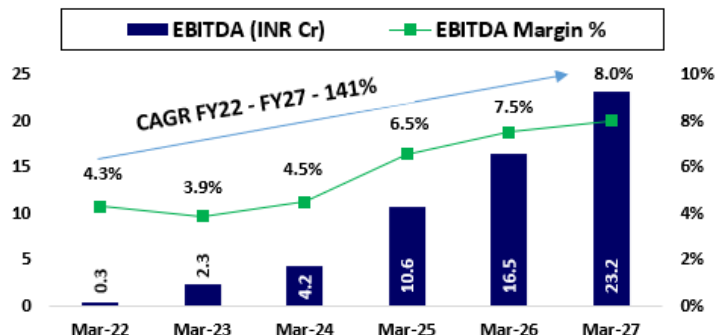
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Exhibit 1: Revenue CAGR of 33% over FY25-27E



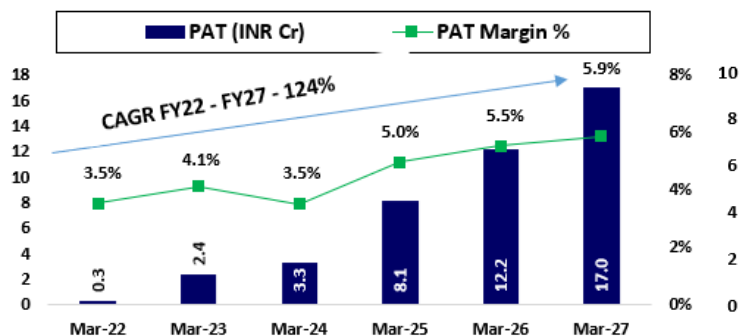
Source: Annual report & Company FS

Exhibit 2: EBITDA & EBITDA Margins %



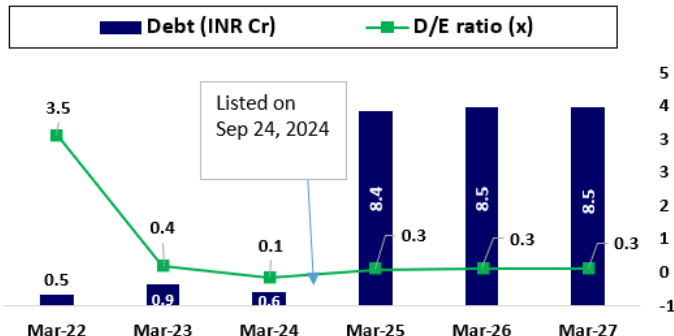
Source: Annual report & Company FS

Exhibit 3: PAT CAGR of 45% over FY25-27E



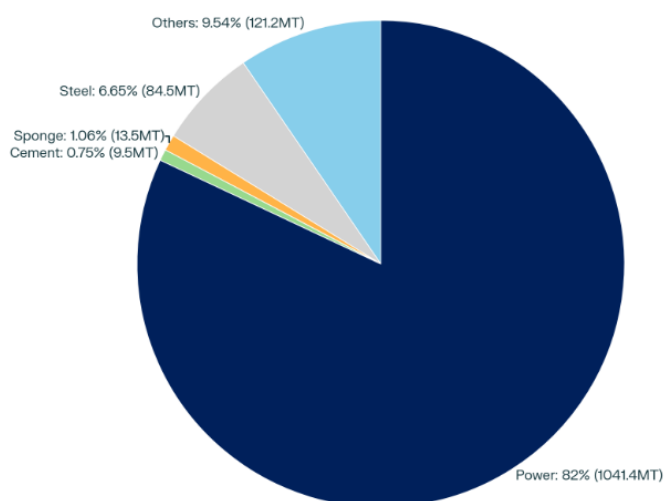
Source: Annual report & Company FS

Exhibit 4: Debt Profile



Source: Annual report & Company FS

India's Coal Consumption by Industry Sector (FY25)



Source: Care Research

The power sector's dominance is striking – it consumes **82% of India's total coal dispatches**, making it overwhelmingly the largest coal consumer. This translates to **1,041.4 million tons** out of the total 1,270 MT consumed in FY25. Coal-based thermal plants contributed approximately 72.5% of India's electricity generation, confirming coal's critical role in the power sector.

This data perfectly supports Shubhshree Biofuels' business case, as the government mandates for biomass co-firing (up to 7% by FY26) create significant opportunities given the power sector's massive coal consumption base.

Shubhshree Biofuels Energy Ltd - Brief Profile

India's only listed company solely dedicated to solid bioenergy, transforming agriculture waste into biomass fuels / Biocoal that are 100% substitute for coal.

Torrefaction is an advanced thermal process that converts biomass into a higher-calorific-value solid biofuel with improved energy density and grindability. Torrefied products offer greater blending capacity with coal, enhanced storage stability, and reduced handling costs. Notably, torrefied biofuels yield higher profit margins compared to conventional biomass, making them a promising future for the biomass energy sector.

*Company follows an integrated **farm-to-fuel model**, covering raw material sourcing to distribution, with a diverse portfolio of biomass husks, briquettes, and both torrefied and non-torrefied pellets.*

SBEL headquartered in Jaipur, Rajasthan, is India's pioneering listed company exclusively focused on solid biofuel /biocoal. Originally incorporated in 2013 as Shubhshree Bricks Pvt Ltd, the company successfully transitioned to a public listing on the NSE Emerge platform in September 2024. Its core business revolves around the **manufacturing and trading** of high-quality biomass pellets and briquettes from agricultural waste, which serve as a 100% substitute for coal. The company operates an integrated "farm-to-fuel" model, managing the entire supply chain from raw material procurement to manufacturing and distribution of a diverse product portfolio including various biomass husks, briquettes, and both non-torrefied and torrefied pellets. A significant technological focus includes the development of torrefaction and semi-torrefied biofuel processes, with a pilot torrefaction plant set up in Haryana. Notably, torrefaction biofuel yields higher margins, enhancing the profitability of Shubhshree's advanced product offerings.

As of July 2025, Shubhshree operates four plants located in Niwai (Rajasthan), Bhuna (Haryana), Gadarwara (Madhya Pradesh), and Basna (Chhattisgarh) with a combined operational capacity of 450 MTPD. Further expansion plans include a joint venture in Katni, Madhya Pradesh (Agrizen Bioenergy LLP, with Shubhshree acquiring a 42.5% stake), and a planned plant in Punjab, partly driven by a significant order from L&T for the Nabha Power Plant. The company serves a wide range of industries, including power, pharma, chemical, and textile sectors, with major clients such as NTPC, L&T, Vedanta, Maharashtra State Power Generation Company, and Karnataka Power Corporation Limited. Notably, it secured a three-year contract valued at approximately ₹22 Crores from Maharashtra State Power Generation Company Limited and a job order for ₹1.67 Crores from Karnataka Power Corporation Limited for biomass pellet supply. Geographically, more than half of its revenue is generated from North India.

The company's corporate structure includes three subsidiaries incorporated in January 2025—Ecodensify Solutions Pvt Ltd, Ruralgreen Energy Pvt Ltd, and Shubhshree Recycling Pvt Ltd—which are mandated to sell 100% of their produced material to the parent company at a fixed rate for a two-year tender period. Shubhshree benefits from a supportive regulatory environment including government mandates for biomass co-firing in thermal power plants and capital subsidies. Govt mandates biomass co-firing in thermal plants (5% from FY25, rising to 7% by FY26) and brick kilns in Punjab and Haryana (50% biomass by 2028). The company benefits from capital subsidies (up to ₹45 lakh/MW), MNRE incentives (₹42 lakh/ton for torrefied pellets), and tax advantages like accelerated depreciation and GST relief (GST for biomass briquettes and pellets is only **5%** - HSN Code: 4401).

Financially, Shubhshree Biofuels demonstrated robust growth in the fiscal year 2024-25. Consolidated revenue from operations increased by 72.77% year-on-year to ₹162.6 crore. Consolidated PAT saw a substantial increase of 144.90% to ₹8.09 crore, with the PAT margin improving to 4.97%. EBITDA also grew by 126.68% to ₹11.3 crore, achieving a 6.93% margin. Total borrowings stood at ₹8.38 Crores as of March 31, 2025, primarily utilizing FD-backed Overdraft limits. For FY26, the management targets a revenue of Rs. 250 crores with 7-8% EBITDA margins.

Exhibit: 5 Shubhshree Biofuel Energy's growth trajectory

Year	Key developments
2013	Company incorporated.
2021	Launched supply of biomass. Raw material collected from 16+ villages
2022	1500 + farmers employed through collection & processing. Initial deliveries expanded to 5 states.
2024	High-volume supply achieved. Scaled to 600 tonnes per day supply.
Sep 2024	Listed on NSE Emerge; IPO oversubscribed ~133x
July 2025	Incorporated 3 subsidiaries in MP, Chhattisgarh, and Rajasthan.
Sep 2025	Increased supply capacity to 1000+ tonnes per day.

Source: Company Research

Eco-friendly biomass fuels:
husk, briquettes, pellets, diverse
types

Four biofuel plants: Rajasthan, Haryana,
Madhya Pradesh, Chhattisgarh. Diverse
capacities.

Katni 200-ton plant, Punjab
planned, 150-ton Nabha order.

Facility Overview

Products: The product portfolio includes a diverse range of eco-friendly biomass fuels such as:

- **Biomass Husk:** Mustard Husk, Bagasse, Almond Shells, Cashew Shells, Groundnut Shells, and Rice Husk.
- **Biomass Briquettes & Pellets:** Groundnut Briquettes, Mustard Briquettes, Soyabean Briquettes, Pinewood Briquettes, Sawdust Briquettes; and Groundnut Pellets, Mustard Pellets, Paddy Straw Pellets, and Non-Torrefied Biomass Pellets.

Operations & Capacity

Operational plants: As of November 2025, Shubhshree Biofuels Energy has four operational plants with combined capacity of **450 MTPD**.

- **Niwai, Tonk district, Rajasthan:** Company's first and oldest facility with a current capacity of 145 tonnes and 100% utilization. Raw materials like mustard husk are handled by creating large heaps covered with plastic sheets to prevent moisture. This machine can convert various raw materials except paddy straw, which requires an extra machine for moisture absorption.
- **Bhuna town, Fatehabad district, Haryana: Currently at 50-ton capacity with plans to expand to 300 tons and achieve full utilization in 2-3 months.** This plant also serves as a pilot facility for torrefaction, in addition to non-torrefied production. It is a large plant, about 3 acres, and the land is on lease, 100% owned. Paddy straw will be the main raw material.
- **Gadarwara, Madhya Pradesh:** Their largest operational plant with capacity 70 TPD with 70% utilization.
- **Basna, Chhattisgarh:** Their second-largest operational plant. which recently nonoperational due to excessive rains.

Overall Capacity: The combined operational capacity across all plants is 450 tons. Company's target is to reach a total capacity of 1000 tons, with 500-600 tons from operational plants. Their supply capacity exceeds 5 lakh metric tonnes annually.

Plants Under Commissioning / Planned

- **Katni, MP:** - A plant under commissioning, expected to be operational by October 2025 with a capacity of 200 tons. This plant is a joint venture with a large rice miller, operating on a "plant in plant" setup with a cost-plus-margin arrangement. Shubhshree Biofuels Energy will acquire a 42.5% stake in the proposed LLP, Agrizen Bioenergy LLP, and act as a technology partner.
- **Punjab:** A planned plant, with site inspection currently underway. The location will be finalized soon and the company has already secured a 150-ton order from L&T for supply to the Nabha Power Plant, valued at ₹54 crore.

Sources agri-waste and sawdust from farmers & small operators across 10+ states; network spans 50+ cities with major revenue from UP, Haryana, and Punjab, supported by offices in Jaipur and Gurugram.

Serves diverse industries (pharma, textile, power, ceramics, etc.) with key clients including NTPC, L&T, Vedanta, Reliance, Lupin, Hindalco, Mother's Dairy, and Maharashtra State Power.

Contracts from Maharashtra State Power (₹22 Cr, 25,035 MT, 3 yrs), Karnataka Power (₹1.67 Cr, 1,595 MT), and Sanathan Polycot (216,000 MT, 3 yrs) in 2025.

RM Sourcing, Logistics & Reach

- **Raw Material Sourcing:** RM are primarily sourced directly from farmers across over 10 states, helping them clear fields after harvest by paying for RM or clearing services. The company also works with new and smaller biomass pellet plant operators who may not have established selling channels – being primarily unorganized market. Raw materials include sawdust, agri-waste, and mustard plant waste, typically procured on an invoice basis without long-term agreements.
- **Logistics & Reach:** The company's network spans over 50 cities and more than 10 states in India. More than half of its revenue is generated from North India, specifically Uttar Pradesh (30%), Haryana (20%), Punjab (20%), Madhya Pradesh (10%), Chhattisgarh (10%), and others (10%). Operational offices are in Jaipur, Rajasthan, and Gurugram, Haryana.

Clientele & Market

- **Industries Served:** Power, Pharma, chemical, textile, ceramic, leather industries, spinning mills, brick work units, cotton mills, tyre industry, food processing, dyeing plants, and liquor plants.
- **Major Clients:** Include NTPC, L&T, APCS (Haryana Power Corporation), Vedanta, Sanatan Textile, Maharashtra State Power Generation Company, Reliance Industries Limited, Lupin, Hindalco, and Mother's Dairy, Nabha Power Limited.

Corporate Structure & Governance

Subsidiaries: Shubhshree Biofuel Energy has four subsidiaries. Three were incorporated in January 2025, and their primary business is the manufacturing of biomass pellets and briquettes:

1. **Ecodensify Solutions Pvt Ltd:** Incorporated on January 9, 2025, in Madhya Pradesh, with Shubhshree holding 51% of its share capital.
2. **Ruralgreen Energy Pvt Ltd:** Incorporated on January 11, 2025, in Chhattisgarh, with Shubhshree holding 51% of its share capital.
3. **Shubhshree Recycling Pvt Ltd:** Incorporated on January 15, 2025, in Rajasthan, as a wholly-owned subsidiary (100% holding).
4. **Joint Ventures (JVs): Agrizen Bioenergy LLP:** Yet to be incorporated, Shubhshree Biofuel Energy will acquire a 42.5% stake and act as a technology partner. It will be located in Katni, Madhya Pradesh, and its business aligns with manufacturing biomass pellets and briquettes. JVs are typically formed in "undeveloped areas" like Chhattisgarh and MP with local businessmen or rice millers to control raw material theft, ensure local grip, and facilitate plant expansion.

Subsidiary Rule: All incorporated subsidiaries are mandated to sell 100% of their produced material to the parent company at a fixed rate for a two-year tender period.

Key Orders

- **Maharashtra State Power Generation Company Limited:** A three-year contract received on June 3, 2025, for the supply of 25,035 MT of Non-Torrefied Biomass Pellets to the Bhusawal Thermal Plant, valued at approximately ₹22 Crores over the contract period.
- **Karnataka Power Corporation Limited:** A job order received on August 29, 2025, for the procurement of 1595 MT of Non-Torrefied Biomass Pellets for Raichur, Yeramarus, and Bellary Thermal Power Stations, amounting to ₹1.67 crore.
- **Sanathan Polycot Private Limited:** An order for a minimum of 216,000 MT of Biomass fuel over three years, as per an exchange filing on May 1, 2025

Board of Directors and Key Management

Exhibit 6: Board of Directors

Name	Designation	Experience
Sagar Agrawal	Chairman & MD	Young professional, completed Bachelor of Commerce in 2012 from the University of Rajasthan. Possesses approximately 10 years of experience in the Biomass and Biofuels Industry. His primary responsibilities include overall biomass manufacturing, financial management, and resource allocation. His remuneration was Rs. 18 Lakh in FY24-25. He is also a promotor of the company and holds 24.47% stake.
Anurag Agrawal	Whole Time Director	He is also a promotor and holds 10.35% stake. He has completed his BCom from Rajasthan University in 2012. He has over 10 years of work experience including 6 years in bricks manufacturing and 3.5 years in Biomass Manufacturing. He primarily oversees overall biomass manufacturing. He is the brother of Sagar Agrawal, chairman & MD.
Upasana Srivastava Dattani	Non-Executive Director	He has completed Bachelor of Engineering (Electrical & Electronics) from Visvesvaraya Technological University, Karnataka in year 2016 and Master of Engineering from University of Cincinnati, Ohio in year 2017. He currently looks after the overall operations of the Company & Hospital.

Source: Annual report & company

Revenue metrics

Shubhshree Biofuels Energy Ltd. reported a consolidated revenue from operations of ₹163 crore in FY 2024-25, marking a substantial 72.77% year-on-year growth and a 3-year CAGR of 66.50%. The revenue matrix is primarily segmented by product type, with pellets contributing 70%, briquettes 25%, and biomass husk 5% of total revenue. Geographically, over half of the revenue is generated from North India, with Uttar Pradesh accounting for 30%, Haryana 20%, Punjab 20%, Madhya Pradesh 10%, and Chhattisgarh 10%.

Exhibit 7: Revenue Segmentation by product (FY25)

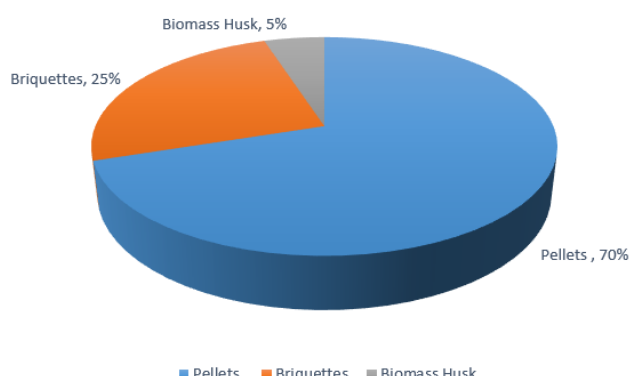


Exhibit 8: Client Mix (FY25)

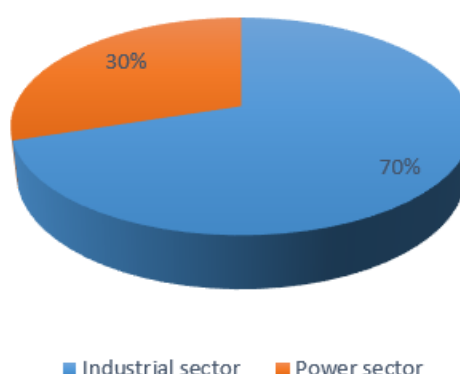
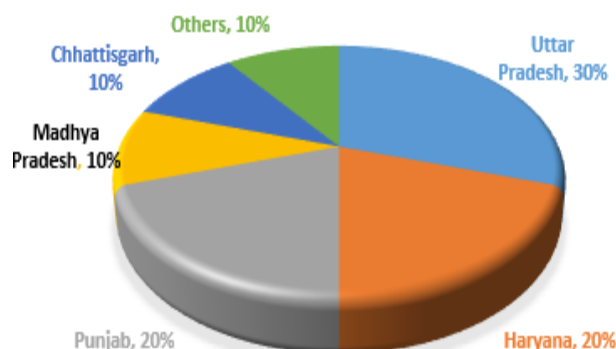


Exhibit 9: Revenue Mix by Geography (FY25)



1,000+ Tonnes of supply per day" as an Achieved Milestone

In FY25, annual supply capacity exceeds 5 lakh metric tonnes.

Plant Visit and Meeting with Management

A team from ValPro, conducted a plant visit to Shubhshree Biofuel Energy's facility in Niwai, Tonk district, Rajasthan. During this visit, discussions were held with the company's management with the objective of gaining a comprehensive understanding of on-ground operations, assessing plant infrastructure, production capacity, product mix, process flow, and understanding management's strategic vision, future growth plans, and operational efficiencies. The following sections summarize the key management guidance and business activities discussed during the visit.

Aggressive Capacity Expansion with Strategic Location: While the Niwai plant (Rajasthan) is its oldest facility (145 tonnes, 100% utilization), Shubhshree's strategy is to grow total capacity to 1000 tons with 500-600 tons becoming operational in the near future. New plants are strategically located near large orders, as exemplified by the planned Punjab plant driven by a ₹54 crore, 150-ton order from L&T for the Nabha Power Plant).

Cost-Optimized Joint Venture Model for Raw Material & Expansion: In "undeveloped areas" like Chhattisgarh and Madhya Pradesh, Shubhshree forms Joint Ventures (JVs) with local rice millers. This "plant in plant" setup significantly reduces infrastructure costs (saving ₹1.5 crore out of a ₹2.5 crore total plant cost) and ensures first priority for raw material from the mill. This model effectively mitigates raw material theft, ensures local operational grip, and supports plant expansion. For instance, the Basna (Chhattisgarh) plant strategically captures demand from eight power plants (including NTPC and Vedanta) within a 150 km radius.

Torrefaction plant in Haryana (Pilot project): A significant future-oriented step is the establishment of a pilot torrefaction plant in Haryana (costing ₹3-4 crore), which will produce both non-torrefied and torrefied products, with torrefaction offering 30% blending capacity, indicating a move towards higher-value products. While the blending percentage is 5-10% in non-torrefied biomass.

Diversified Product Portfolio with Pellet Focus: The revenue mix is heavily skewed towards pellets, contributing 70% of total revenue, followed by briquettes (25%) and biomass husk (5%). This aligns with industry insights favoring pellets due to their higher combustion efficiency.

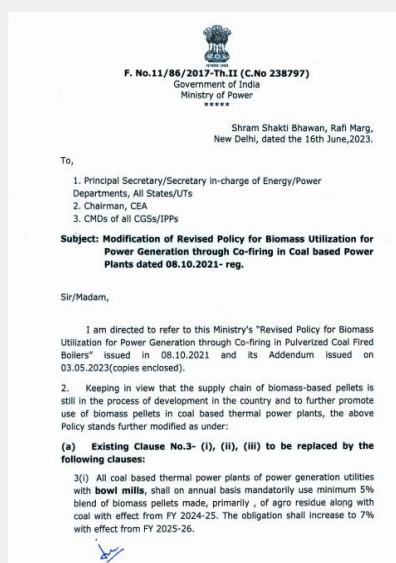
Strategic Cost Control & Sustainability Initiatives: To build an entry barrier against future competition, Shubhshree plans to install solar panels on all its plants, targeting a 40% reduction in electricity costs with a quick 2.5-year payback. This is a crucial element for long-term cost advantage.

Key Orders & Addressing Client Concentration: Recent significant orders include a three-year contract for ₹22 Crores from Maharashtra State Power Generation Company Limited and a job order for ₹1.67 Crores from Karnataka Power Corporation Limited. While the top 5 customers contributed 57.34% of FY24 revenue, these new large power projects will diversify client base.

FY26 revenue target ₹200-250cr, margin 7-8%, solar savings.

First-mover advantage, strong market position, contracts, long-term growth potential.

JV model reduces costs, secures raw material, boosts profitability, stability.



[Policy for Biomass Utilization for Power Generation through Co-firing in Coal based Power Plants](#)

Revenue Guidance - For FY26, management has set a target revenue of ₹250 crore. However, they anticipate that the actual revenue might be closer to ₹200-225 crore due to potential delays in power plant infrastructure development. Looking further ahead, the company aims to more than double its topline over the next two years (beyond FY25), driven by increased industrial adoption, long-term offtake deals, and the broader shift towards clean energy.

Margin Guidance: Management is targeting EBITDA margins of 7-8% for FY26. The company's strategy includes initiatives for cost control and sustainability to enhance margins. They plan to install solar panels on all plants, aiming for a 40% reduction in electricity costs with a 2.5-year payback, which is considered a crucial element for long-term cost advantage and building an entry barrier against competition.

Investment Rationale

Unparalleled First-Mover Advantage in an Organized Sector: As India's only listed company exclusively focused on solid bioenergy, Shubhshree holds a distinct "first-mover advantage" in a rapidly formalizing industry. This status grants the company priority in securing large power plant tenders, reducing direct competition and allowing it to dictate terms more favorably. For the company, this translates into a stronger market position, easier access to significant contracts, and a faster path to market dominance. For investors, this offers exposure to a leader poised to capture substantial market share in a nascent but high-potential sector, providing a robust competitive moat and long-term growth potential.

Innovative & Cost-Optimized RM Procurement Strategy: Shubhshree employs a highly effective Joint Venture (JV) model with local rice millers in "undeveloped areas" like Chhattisgarh and Madhya Pradesh, establishing a "plant in plant" setup. This ingenious strategy offers multiple benefits to the company: it significantly reduces infrastructure costs (saving ₹1.5 crore out of a ₹2.5 crore total plant cost), secures first priority for raw material from the mill, and effectively mitigates raw material theft. For investors, this innovative approach ensures a consistent, high-quality, and cost-efficient supply of feedstock, directly contributing to more stable input costs, enhanced long-term profitability, and reduced operational risks in a traditionally fragmented supply chain.

Torrefaction – Tapping into Premium & Mandated Markets: Shubhshree Biofuels' pilot torrefaction plant in Haryana, an investment of ₹3-4 crore, is a critical strategic move. This dual-line facility, targeting 300 tons capacity initially starting at 100 tons, will produce higher-value torrefied pellets, offering 30% blending capacity. Torrefaction is essential as regulatory mandates require "torrefied only" biomass pellets for co-firing in specific thermal power plant mills (ball & race, ball & tube mills) from FY 2024-25, with increasing obligations. This enables Shubhshree to access premium markets, leverage government support of ₹42 lakh/ton for torrefied plants, and utilize abundant paddy straw, aligning the company with the future of biofuel technology and enhancing profitability.

Government mandates, subsidies create strong, growing, guaranteed biomass fuel demand.



https://www.pib.gov.in/PressReleasePage.aspx?PRID=2133553&utm_source

India's biomass potential enables long-term growth, expansion, sustained demand.

Tax incentives, exemptions, subsidies reduce costs and boost profitability, growth.

New contracts diversify clientele, reduce risk, stabilize revenue streams. Eco-friendly biomass fuels: husk, briquettes, pellets, diverse types.

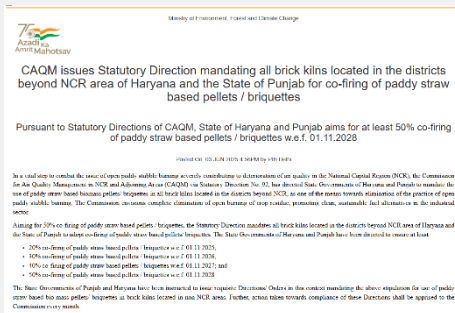
Robust Government & Regulatory Tailwinds Providing Structural Demand: The Indian biomass fuel sector benefits from powerful government support, most notably the mandatory co-firing of biomass in thermal power plants. The Ministry of Power mandates that coal-based thermal power plants must blend biomass pellets with coal, requiring a minimum of 5% co-firing from FY 2024–25, which increases to 7% by FY 2025–26. Crucially, non-compliance attracts penalties, establishing assured demand. Furthermore, specific mill types (Ball & Race and Ball & Tube mills) are mandated to use torrefied only biomass pellets for co-firing, creating a high-value product segment. Beyond the power sector, statutory directions mandate brick kilns in regions like Punjab and Haryana to progressively adopt co-firing, aiming for 50% biomass fuel usage by 2028-29 onwards. For investors, these strong regulatory tailwinds provide a highly supportive and predictable operating environment, guaranteeing sustained demand and long-term growth for Shubhshree as a key enabler of India's green energy.

Expansion Vast Untapped Market Potential with Significant Headroom for Growth: India possesses an immense and largely untapped resource of approximately 228 million metric tons (MMT) of surplus agricultural biomass annually, with less than 20% currently utilized. The estimated Total Available Market (TAM) from biomass co-firing in the power sector alone is projected to exceed ₹55,000 crore. This represents an enormous, long-term growth runway. For the company, this vast market potential provides ample opportunity for sustained expansion, justifying its aggressive capacity build-out and ensuring robust demand for its products for decades to come. For investors, this highlights the significant upside potential and the large addressable market that Shubhshree, as a first-mover in the organized sector, is uniquely positioned to capture, promising multi-year revenue and profit growth.

Tax & Fiscal reliefs by Govt: The company also benefits from tax and fiscal reliefs like 40% accelerated depreciation and 10-year exemptions from electricity duty in several states, directly reducing operational costs and improving profitability. Additionally, concessional land and infrastructure support from states like Madhya Pradesh and Uttar Pradesh, along with priority lending, further enhance project viability and access to capital. While the company has noted it has not yet received any direct subsidies, the pervasive availability and structure of these comprehensive government incentives create a profoundly favorable environment for Shubhshree's aggressive growth and future.

Diversified and Expanding Clientele Mitigating Concentration Risk: New large contracts, such as the ₹22 crore from Maharashtra State Power Generation Company and ₹1.67 crore from Karnataka Power Corporation, diversify Shubhshree's client base. While top 5 customers contributed 57.34% of FY24 revenue, these additions, including industry stalwarts like NTPC and Reliance, reduce concentration risk. This ensures more stable and resilient revenue streams, benefiting investors with de-risked growth.

Solar panels cut costs, boost sustainability, profitability, ESG alignment, competitiveness.



[CAQM issues Statutory Direction mandating all brick kilns located in the districts beyond NCR area of Haryana and the State of Punjab for co-firing of paddy straw-based pellets / briquettes.](#)

Shubhshree secures long-term biomass contracts, ensuring stable, diversified revenue streams. Strategic contracts with power utilities reduce risk, increase revenue visibility.

Strategic Cost Control & Sustainability Initiatives for Long-Term Advantage:

Shubhshree plans to install solar panels on all its plants, targeting a 40% reduction in electricity costs with a rapid 2.5-year payback period. This initiative creates a crucial long-term cost advantage, acting as an entry barrier against future competition. For investors, this translates into enhanced profitability, sustainable operations, and strong alignment with ESG principles.

Strategic Mandate - Converting Farm Waste to Mitigate Delhi/NCR Pollution:

Delhi and NCR suffer heavily from widespread air pollution caused by the open-field burning of vast amounts of surplus agricultural residue in agrarian belts across Punjab and Haryana. Shubhshree Biofuels directly addresses this crisis through its integrated "Farm-to-Fuel" model. The company systematically procures this waste, including paddy straw, directly from over 5,000 employed farmers across multiple states, offering them an additional source of revenue for clearing their fields. This process converts the raw biomass into high-quality pellets and briquettes, providing a 100% substitute for coal in industrial applications. By providing an economic incentive for residue collection, Shubhshree's model leads to a sharp decline in crop residue burning, thereby directly reducing the release of harmful particulate matter and CO₂ emissions, which critically contributes to improving air quality in the broader region. This strategic linkage positions the business as an essential solution supported by regulatory efforts like the CAQM directions.

Proven Scalability & Distinct Competitive Edge in a Fragmented Market:

Shubhshree consistently outperforms a fragmented market dominated by unorganized players with limited scalability. Its structured operations, integrated "farm-to-factory" supply chain, and expanding manufacturing footprint (exceeding 5 lakh MT annually) provide a distinct competitive advantage. This enables the company to secure larger contracts and maintain quality, positioning it for long-term market leadership and sustained investor value.

Strong Revenue and Margin Growth Outlook: Shubhshree Biofuels exhibits a robust financial trajectory, with management targeting ₹200-225 crore revenue and 7-8% EBITDA margins for FY26, despite potential infrastructure delays. This builds upon exceptional FY25 performance, where revenue soared 72.77% to ₹162.6 crore and EBITDA surged 126.68% to ₹11.3 crore, improving margins to 6.93%. This ambitious guidance is underpinned by aggressive capacity expansion, a strategic shift towards cost-efficient power sector contracts (incurring zero marketing expenses), and proactive cost controls like solar panel installations targeting a 40% reduction in electricity costs. For investors, this signifies strong operational leverage, market leadership, and a clear path to sustained profitability.

Securing Revenue Visibility Through Strategic New Orders: Shubhshree Biofuels has significantly enhanced its revenue visibility and de-risked its business through several substantial recent orders. These include a three-year contract valued at approximately ₹22 Crores from Maharashtra State Power Generation Company Limited for non-torrefied biomass pellets, and a job order for ₹1.67 Crores from Karnataka Power Corporation Limited for procurement of non-torrefied biomass pellets. Additionally, a planned plant in Punjab is directly linked to a ₹54 crore, 150-ton order from L&T for the Nabha Power Plant. These large, long-term contracts, particularly with state-owned power utilities, significantly mitigate client concentration risk (despite top 5 customers contributing 57.34% of FY24 revenue) and align with Shubhshree's strategic shift towards a 50-50 sales target between the industrial and power sectors, promising stable, cost-efficient revenue streams with zero marketing expenses post-acquisition.

Key Risks

Competition Intensifying Competition and Low Entry Barriers: The biomass fuel sector has low entry barriers for new producers, which can lead to increased competitive pressure from both organized and unorganized players. Although Shubhshree holds a "first-mover advantage" in the organized sector, the potential for new plants of similar capacity entering the market could intensify competition. This environment may exert pressure on pricing, reduce market share, and compress profit margins, especially if competitors introduce more efficient processes or secure raw materials at lower costs.

Raw material availability and price volatility remain key risks, primarily due to the seasonal nature and regional dependence of biomass feedstock. The company's limited reliance on long-term supply agreements further exposes manufacturing operations to cost fluctuations and could adversely affect production continuity and profit margins.

Undeveloped Market and Customer Acceptance Barriers: The biomass fuel market in India is still nascent and underdeveloped compared to conventional fuels. This necessitates significant efforts in customer education and market penetration to overcome behavioral inertia and resistance to switching from traditional energy sources. For Shubhshree, this means higher initial marketing and outreach costs, a slower adoption rate for new products like torrefied pellets, and continuous efforts to prove the economic and environmental benefits of biofuels, which can delay realizing full market potential and impact demand forecasting.

High Client Concentration & Geographical Dependency: Shubhshree Biofuels faces a notable risk from high client concentration, with its top 5 customers contributing 57.34% of the FY24 revenue. While recent significant orders from Maharashtra State Power Generation Company Limited and Karnataka Power Corporation Limited are aimed at diversification, this reliance on a few large clients still poses a risk. Furthermore, the company's operations are geographically concentrated, primarily in Northern India (Haryana, Uttar Pradesh, Rajasthan, NCR).

Historical Financials

Exhibit 10: Consolidated Income Statement (in Rs Cr.)

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	CAGR 3YR
Revenue	0.2	7.9	58.6	94.2	162.7	174%
Revenue growth (%)	-	4300%	640%	61%	73%	
Expenses	0.2	7.6	56.4	89.9	152.0	
EBITDA	0.0	0.3	2.3	4.2	10.6	215%
EBITDA growth (%)	-	3300%	565%	87%	152%	
EBITDA margin (%)	5.6%	4.3%	3.9%	4.5%	6.5%	
Depreciation	0.03	0.02	0.07	0.13	0.22	
EBIT	0.0	0.3	2.2	4.1	10.4	219%
EBIT margin (%)	-11.1%	4.0%	3.7%	4.4%	6.4%	
Other Income	0.0	0.0	1.1	0.7	0.6	
Interest	0.00	0.00	0.05	0.22	0.35	
PBT	0.0	0.3	3.2	4.6	10.7	222%
Taxes	0.0	0.0	0.8	1.3	2.6	
Tax rate (%)	0%	13%	25%	29%	24%	
Net Profit	0.0	0.3	2.4	3.3	8.1	207%
Profit growth (%)	-	-132%	17%	-15%	146%	
Profit margins (%)	-11.1%	3.5%	4.1%	3.5%	5.0%	
EPS	0.0	0.0	0.0	8.7	15.6	
Operating cash flow	0.0	0.4	1.0	0.8	-9.8	
Capex	-0.02	-0.03	-0.46	-1.07	-1.15	
Free Cash Flow	0.01	0.35	0.53	-0.27	-10.9	

Exhibit 11: Balance Sheet Statement Consolidated (Rs Cr.)

Particulars (Cr.)	Mar-21	Mar-22	Mar-23	Mar-24	Mar 25
SHAREHOLDER'S FUNDS					
Equity Share Capital	0.01	0.01	0.01	3.85	5.24
Reserves and Surplus	-0.14	0.13	2.56	3.26	25.03
Total Shareholders' Funds (A)	-0.13	0.14	2.57	7.11	30.27
NON-CURRENT LIABILITIES					
Long Term Borrowings	0.5	0.49	0.86	0.53	0.41
Deferred Tax Liabilities [Net]	0	0	0.01	0	0
Long Term Provisions	0	0	0	0.01	0.03
Total Non-Current Liabilities (B)	0.5	0.49	0.87	0.54	0.44
CURRENT LIABILITIES					
Short Term Borrowings	0	0	0	0	7.97
Trade Payables	0.04	1	1.66	5.32	9.39
Other Current Liabilities	0.07	0.22	0.84	0.99	1.4
Total Current Liabilities (C)	0.11	1.22	2.5	6.31	18.76
Total Capital And Liabilities (A+B+C)	0.48	1.85	5.94	13.96	49.47
NON-CURRENT ASSETS					
Fixed Assets	0.15	0.16	0.55	1.22	2.14
Non-Current Investments	0	0	0	0	4.19
Deferred Tax Assets [Net]	0	0	0	0	0.25
Other Non-Current Assets	0	0	0	0.05	0.76
Total Non-Current Assets (D)	0.15	0.16	0.55	1.27	7.34
CURRENT ASSETS					
Current Investments	0	0	0	0.67	1.1
Inventories	0.13	0.08	0.08	0.84	3.97
Trade Receivables	0.18	1.24	3.36	8.29	26.32
Cash And Cash Equivalents	0.01	0.35	1.2	1.26	8.83
OtherCurrentAssets	0	0.02	0.73	1.64	1.91
Total Current Assets (E)	0.32	1.69	5.37	12.7	42.13
Total Assets (D+E)	0.48	1.86	5.93	13.97	49.47

Exhibit 12: Working capital Ratio

Particulars	Mar-22	Mar-23	Mar-24	Mar-25
Debtor Turnover Ratio	6.4x	17.4x	11.4x	6.2x
Creditor Turnover Ratio	6.4x	23.9x	15.0x	15.0x
Inventory Turnover	84.4x	602.0x	92.3x	30.6x
Fixed Asset Turnover	49.5x	106.6x	77.2x	76.0x
Capital Turnover Ratio	56.6x	22.8x	13.2x	5.4x
Current Ratio	1.38	2.15	2.01	2.24
Debtor Days	57	21	32	59
Payable Days	57	15	24	24
Inventory Days	4	1	4	12
Cash Conversion Cycle	5	6	12	47

Exhibit 13: Half Yearly Financial Results (H1FY26)

Particulars	Sep-24	Mar-25	Sep-25	H-o-H%	Y-o-Y%
Revenue (in Rs. Cr.)	77.4	85.3	96.0	12.5%	24.0%
Gross Profit (in Rs. Cr)	19.8	21.5	13.3	-38.1%	-32.8%
Gross profit margin %	25.6%	25.2%	13.9%	-45.0%	-45.8%
EBITDA (in Rs. Cr.)	4.98	5.65	5.67	0.4%	13.9%
EBITDA Margins (%)	6.4%	6.6%	5.9%	-10.8%	-8.2%
PAT (in Rs. Cr.)	4.04	4.06	4.05	-0.2%	0.2%
PAT Margins (%)	5.2%	4.8%	4.2%	-11.4%	-19.2%
EPS (in RS.)	7.70	7.74	7.73	-0.1%	0.4%

Management Commentary

Business Updates

- Expanded total production capacity by 500 MT/day in H1; an additional 500 MT/day targeted in FY 2026–27.
- Rural Green Energy Pvt. Ltd. (100 MT/day) relocated to a new fully automated, state-of-the-art facility with PLC/HMI controls, auto-feeders, and high-capacity hammer mills, delivering ~20% higher throughput.
- Deployed an in-house ERP platform to improve inventory control and enable real-time, multi-state supply-chain visibility.
- Successfully commissioned North India's largest Thermic Fluid Heater system (200–250 MT/day) within 30 days, ensuring uninterrupted 24/7 operations, including through the Punjab floods.
- Strategic plant and capacity expansions underway to capture strong long-term sector growth.
- Demonstrated operational resilience, swiftly overcoming monsoon-related disruptions; October volumes rebounded 25% MoM.
- Capacity on track to reach 1,000 MT/day with five upcoming plants, aligning with India's 20% biofuel blending mandate.

Financials Projections

Exhibit 13: Projected Income statement for next 2 Years

INR (Cr)	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26'E	Mar-27'E
Revenue	0.2	7.9	58.6	94.2	162.7	219.6	289.9
Revenue growth (%)	-	4300%	640%	61%	73%	35.0%	32.0%
Expenses	0.2	7.6	56.4	89.9	152.0	203.1	266.7
EBITDA	0.0	0.3	2.3	4.2	10.6	16.5	23.2
EBITDA growth (%)	-	3300%	565%	87%	152%	54.8%	40.8%
EBITDA margin (%)	5.6%	4.3%	3.9%	4.5%	6.5%	7.5%	8.0%
Depreciation	0.03	0.02	0.07	0.13	0.22	0.31	0.41
EBIT	0.0	0.3	2.2	4.1	10.4	16.2	22.8
EBIT margin (%)	-11.1%	4.0%	3.7%	4.4%	6.4%	7.4%	7.9%
Other Income	0.0	0.0	1.1	0.7	0.6	0.5	0.5
Interest	0.00	0.00	0.05	0.22	0.35	0.45	0.59
PBT	0.0	0.3	3.2	4.6	10.7	16.2	22.7
Taxes	0.0	0.0	0.8	1.3	2.6	4.1	5.7
Tax rate (%)	0%	13%	25%	29%	24%	25.00%	25.00%
Net Profit	0.0	0.3	2.4	3.3	8.1	12.2	17.0
Profit growth (%)	-	-132%	17%	-15%	146%	50.0%	40.0%
Profit margins (%)	-11.1%	3.5%	4.1%	3.5%	5.0%	5.5%	5.9%
EPS (Rs.)	0.0	0.0	0.0	8.7	15.6	23.4	32.7

Exhibit 14: Key Ratios

Particulars	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26'E	Mar-27'E
ROE (%)	-	178.6%	68.2%	43.4%	33.5%	33.4%
ROCE (%)	64.0%	106.6%	73.3%	45.0%	36.1%	38.4%
EV/Sales (x)	-	-	-	0.96x	1.00x	0.76x
EV/EBITDA (x)	-	-	-	14.6x	13.4x	9.5x
P/B (x)	-	-	-	5.2x	5.2x	3.7x
P/E (x)	-	-	-	19.3x	18.0x	12.9x
PE/ROE (x)	-	-	-	0.6x	0.6x	0.4x

Exhibit 15: Valuations & View

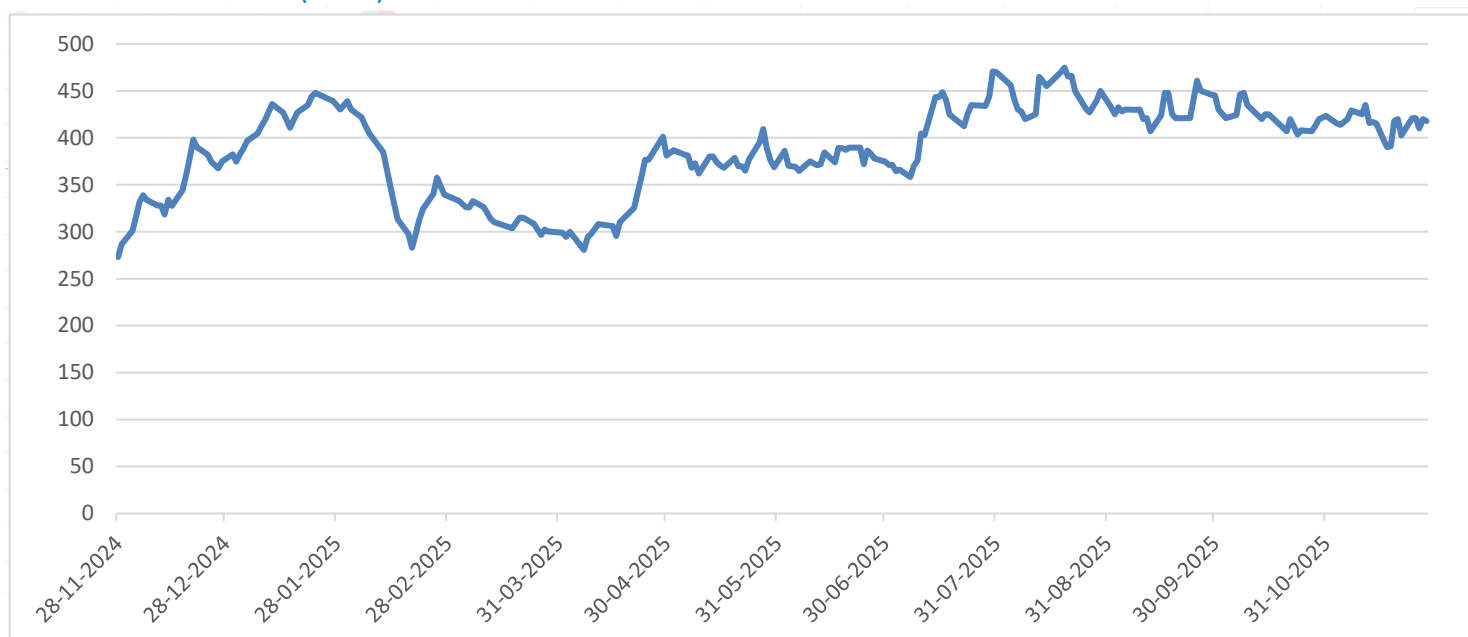
Particulars	FY27'E
Net Profit (Cr.)	17
Target P/E multiple (x)	20
Implied Enterprise Value (Cr.)	339.5
Net Debt (Cr.)	7.6
Implied Market Cap (Cr.)	340
Shares outstanding (Cr.)	0.52
CMP	420
Target price (Rs.)	650
Upside (%)	55%

Our View and Recommendation

Shubhshree Biofuel Energy is poised to capitalize on immense growth prospects of Biofuel in India. The Indian solid biofuel market is experiencing exponential growth, projected to more than double from USD 5.19 Billion in 2021 to USD 12.20 Billion by 2030, driven by a burgeoning demand for sustainable energy and vast untapped agricultural biomass. Crucially, strong government tailwinds including mandated biomass co-firing in thermal power plants (up to 7% by FY26) and substantial capital subsidies for biofuel production, create an assured demand and a highly supportive regulatory environment. Furthermore, Shubhshree's management demonstrates exceptional foresight with a strategic shift towards cost-efficient power sector tenders, aggressive capacity expansion, and innovative JV models that secure raw material supply while reducing infrastructure costs. Their focus on higher-efficiency pellets and future-oriented torrefaction technology

Given the sector tailwinds and company specific initiatives, we estimate sales/EBITDA/net profit to grow at CAGR of 33%/48%/45% respectively over FY25-FY27. At CMP of Rs. 420, the stock is trading at 13x its FY27 estimated EPS. Based on strong growth potential as mentioned above, we value the stock at 20x its FY27'E earnings and recommend **BUY** rating with a target price of Rs. 650 per share.

Exhibit 16: Price Chart (1 Year)



Our other coverage report

Asarfi Hospital - August 7, 2024

Recommendation Nomenclature

Category : Potential

Buy	: >15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



Asarfi Hospital

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