

IPO Note

24th September 2025

Company Overview

TruAlt Bioenergy Ltd. is one of India's largest and most diversified biofuels producers, with a leading position in the ethanol segment and an installed capacity of 2,000 KLPD (operational capacity of 1,800 KLPD) as of March 31, 2025, representing a 3.6% market share in ethanol production (Source: CRISIL Report). It operates five distilleries in Karnataka and plans to convert 1,300 KLPD of mono-feed capacity to dual-feed (grain-based) by March 2026, while progressively scaling operations to the full 2,000 KLPD capacity. The company also produces extra neutral alcohol, dry ice, and liquid CO₂ as by-products. Through its subsidiary Leafiniti, it is among the early producers of compressed bio-gas (CBG) under the SATAT scheme and is expanding CBG capacity through strategic tie-ups, including a shareholding agreement with GAIL and partnerships with global players such as Sumitomo Corporation and Japanese entities to set up multiple CBG plants and explore carbon credit opportunities. Future growth avenues include second-generation (2G) ethanol production using bagasse, sustainable aviation fuel (SAF) with a planned capacity of 10 crore litres annually, and production of high-value biochemicals such as Mevalonolactone (MVL). The company also operates five biofuel dispensing stations in Karnataka and has received government approval to market motor spirit and high-speed diesel, positioning it as a private OMC with plans to set up 100 retail outlets offering ethanol blends, bio-CNG, EV charging, and non-fuel retail services. Aligned with key government initiatives like the National Biofuels Policy 2018, Ethanol Blending Program, SATAT, and PLI schemes, the company benefits from multiple incentives, supporting its transition-focused green energy model and reinforcing its leadership in India's rapidly growing bioenergy sector.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ 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 300KLPD capacity;
- ⇒ Funding our working capital requirements; and
- ⇒ General corporate purposes.

Investment Rationale

India's largest ethanol producer by installed capacity provides a competitive advantage

The company is India's largest ethanol producer by installed capacity, with a well-defined strategy for capacity expansion, feedstock diversification, and product innovation that positions it at the forefront of India's biofuels growth story. It has demonstrated exceptional growth since its incorporation in 2021, when it entered the ethanol industry through strategic acquisitions, expanding from a combined installed capacity of just 590 KLPD in FY22 to 2,000 KLPD in FY25, aided by strategic acquisitions and capacity expansions. Backed by strong government support through interest subvention schemes and approvals to expand manufacturing capabilities to 4,600 KLPD, the company is positioned to benefit from India's Ethanol Blending Program and rising demand for non-fossil fuels. Having recently completed a 600 KLPD capacity expansion across three locations, the company targets further enhancement of its feedstock flexibility by converting 1,300 KLPD of its existing mono-feed (molasses/sugar syrup/sugarcane juice) capacity into dual-feed facilities capable of processing grain-based raw materials by FY26. This feedstock diversification reduces dependency on sugarcane-based inputs, helps manage seasonal fluctuations, and optimises production based on price dynamics across multiple feedstocks. Furthermore, the company plans to integrate a 200 KLPD unit for second-generation (2G) ethanol production using 800,000 MT of bagasse from promoter group companies, offering additional cost and supply flexibility while enhancing sustainability. The company believes that its large installed ethanol production capacity, combined with a well-structured expansion strategy focused on diversifying its raw material base and developing additional sustainable energy solutions, provides a strong competitive advantage to capitalise on the significant growth opportunities in the ethanol and biofuels sector.

Poised to capitalise on strong biofuel industry tailwinds including favorable government policies and demand-supply gap

The company is well-positioned to capitalise on strong industry tailwinds driven by India's accelerating shift toward biofuels, braced by government incentives, favourable policies, and rising demand for

Issue Details

Offer Period	25 th Sept, 2025 - 29 th Sept, 2025
Price Band	Rs. 472 to Rs. 496
Bid Lot	30
Listing	BSE, NSE
Issue Size (no. of shares in mn)	16.9
Issue Size (Rs. in bn)	8.39
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	DAM Capital Advisors Ltd., SBI Capital Markets Ltd.
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Registrar	Bigshare Services Private Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	88.20	71.55
Public	11.80	28.45
Total	100.00	100.00

(Assuming issue subscribed at higher band)

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TruAlt Bioenergy Ltd.

sustainable energy. The domestic biofuel market, dominated by ethanol and complemented by compressed biogas (CBG) and biodiesel, is expected to see significant growth, with the Indian biogas market alone projected to reach USD 2.25 bn by 2029, at a CAGR of 6.3% between 2022 and 2029 (Source: CRISIL Report). As a leading producer of both ethanol and CBG, the company stands to benefit from multiple policy initiatives, including the Ethanol Blended Petrol (EBP) program, which promotes ethanol blending to reduce fossil fuel dependence and incentivises production through interest subvention schemes, excise duty exemptions, production-linked incentives, and favourable administered pricing. Similarly, the government's Sustainable Alternative Towards Affordable Transportation (SATAT) scheme and the mandatory CBG blending initiative provide assured offtake opportunities and a growing market for CBG producers. Through its subsidiary, the company is among the first movers in the CBG space and is rapidly expanding capacity with multiple upcoming plants, further supported by authorisation to sell fermented organic manure (FOM) directly to farmers. Backed by these structural growth drivers, regulatory incentives, and a robust expansion pipeline, the company is strategically positioned to strengthen its leadership in ethanol and CBG space, bridge the demand-supply gap in India's biofuel market, and deliver sustained long-term growth.

Valuation

TruAlt Bioenergy Limited operates five distillery units in Karnataka, producing ethanol primarily from molasses and sugar syrup, along with by-products such as extra neutral alcohol (ENA), dry ice, and liquid CO₂. With a diversified portfolio that spans ethanol, CBG, and plans for sustainable aviation fuel (SAF), second-generation (2G) ethanol, and high-value biochemicals like Mevalonolactone (MVL), the company benefits from strong policy support, including the National Biofuels Policy 2018, the Ethanol Blending Program, and various state and central government incentives. The company is centred around scaling capacity, diversifying feedstock, and expanding into high-value green energy solutions. By FY26, the company aims to convert 1,300 KLPD of its existing mono-feed ethanol capacity to dual-feed, enabling production from both grain-based and sugarcane-based feedstocks. The company has also received approvals to expand its ethanol manufacturing capacity to 4,600 KLPD and plans to integrate a 200 KLPD unit for 2G ethanol production using 800,000 MT of bagasse. On the financial front, the company has delivered healthy CAGR growth over FY2023–25 period, with Revenue/EBITDA/PAT CAGR of 58.2%/71.5%/66.0%. Overall, the company's strong capacity base, diversified feedstock strategy, and entry into new biofuel verticals provide significant growth visibility. India's ethanol blending targets, mandatory CBG blending initiatives, and the expected demand for SAF driven by global carbon reduction requirements create a favourable market environment. **At the upper price band of Rs. 496 per share, the company is valued at a P/E multiple of 23.7x FY25 earnings. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

Key Risks

- ⇒ The company's business is heavily reliant on ethanol sales, making it vulnerable to fluctuations in demand, production capacity, or pricing. Any decline in ethanol sales volumes, inability to produce or sell ethanol, or reduction in the price at which ethanol is sold could materially and adversely impact its business operations, financial performance, cash flows, and overall financial condition.
- ⇒ The company's operations and growth are substantially dependent on the policies and incentives of the Government of India. Any adverse change, withdrawal, or delay in government policies, schemes, or incentives related to ethanol blending, biofuels, or renewable energy could negatively impact its revenue, profitability, and overall financial condition.
- ⇒ The company has a limited operating history, having commenced ethanol production only in September 2022 pursuant to business transfer agreements. As a result, the company may face uncertainties and potential liabilities arising from these agreements, and there is a risk that the anticipated benefits from these acquisitions may not materialize, which could adversely affect the company's operations, financial condition, and results of operations.

TruAlt Bioenergy Ltd.

Income Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Revenue			
Revenue from Operations	7,624	12,234	19,077
Total Revenue	7,624	12,234	19,077
Expenses			
Cost of raw materials consumed	5,673	7,715	10,416
Purchases of stock-in-trade	168	384	2,829
Changes in inventories of stock-in-trade and finished goods	(827)	(60)	(528)
Employee benefit expenses	86	243	399
Other expenses	1,473	2,071	2,871
Total Operating Expenses	6,573	10,353	15,986
EBITDA	1,050	1,881	3,091
Depreciation and Amortization expenses	208	569	669
EBIT	843	1,312	2,423
Finance costs	353	1,431	1,436
Other Income	-	568	608
PBT	490	449	1,594
Total tax	(135)	(131)	(128)
PAT	625	579	1,722
Diluted EPS	7.1	4.3	20.9

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Cash Flow from operating activities	2,335	355	3,292
Cash flow from investing activities	-11,486	-3,837	-2,425
Cash flow from financing activities	9,198	3,668	397
Net increase/(decrease) in cash and cash equivalents	47	186	1,264
Cash and cash equivalents at the beginning of the period	1	48	234
Cash and cash equivalents at the end of the period	48	234	1,498

Source: RHP, BP Equities Research

TruAlt Bioenergy Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Assets			
Non-Current Assets			
Property, plant and equipment	11,486	12,764	16,800
Capital work in Progress	96	2,013	28
Right of Use assets	0	0	68
Intangible Assets	479	516	516
Other Intangible Assets	1,051	987	875
Financial Assets	0	0	19
Deferred tax assets (net)	0	8	0
Other non current assets	807	1,323	1,370
Total Non current assets	13,919	17,609	19,675
Current Assets			
Inventories	1,535	1,595	2,102
Investments	0	100	44
Trade Receivables	865	2,982	3,393
Cash and cash equivalents	48	234	1,498
Other Bank Balance	0	1	0
Others financial assets	1,694	559	1,145
Current tax assets	0	40	18
Other current assets	499	1,071	2,423
Total Current Assets	4,641	6,581	10,622
Total Assets	18,560	24,191	30,297
Equity and Liabilities			
Equity Share Capital	611	611	706
Other Equity	1,794	2,035	6,984
Total Equity	2,405	2,646	7,690
Non-Current Liabilities			
Financial Liabilities			
Borrowings	10,703	9,796	11,172
Lease Liabilities	0	0	52
Provisions	6	20	32
Other financial liabilities	112	0	0
Deferred tax liabilities (net)	908	1,053	800
Other non-current liabilities	0	61	76
Current Liabilities			
Financial Liabilities			
Borrowings	798	7,051	4,325
Lease Liabilities	0	0	17
Trade Payable	3,087	1,536	4,857
Other financial liabilities	519	2,004	1,251
Current tax liabilities	0	0	0
Provisions	0	1	2
Other current liabilities	21	22	23
Total Current Liabilities	4,425	10,615	10,475
Total liabilities	16,155	21,545	22,607
Total Equity and Liabilities	18,560	24,191	30,297

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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