

## IPO Note

11th August 2025

### Company Overview

Regaal Resources Limited is a Kolkata-based company engaged in the manufacturing and supply of maize-based products through its state-of-the-art zero liquid discharge (ZLD) maize milling facility spread across 54.03 acres in Kishanganj, Bihar. The company is one of the fastest-growing maize-based speciality products manufacturers in the country and the second-largest player in eastern India with a maize milling capacity of 750 tons per day. The company caters to domestic and international customers across diverse industries, including food products, paper, animal feed, and adhesives. The company's business model is structured around catering to three broad segments of customers, viz., (i) Manufacturers of end products; (ii) Manufacturers of intermediate products; and (iii) Distributors / Wholesale traders. The company's manufacturing facility encompasses 54.03 acres in Kishanganj, Bihar and comprises large warehouses and four humidity-controlled storage silos of 10,000 MT each for storage of maize. The company serves a diverse customer base across domestic and international markets, catering to key industries such as food products, paper, animal feed, and adhesives. It caters to a diverse base of almost 261 customers, including Emami Paper Mills Ltd., Manioca Food Products Private Ltd., Century Pulp & Paper, Kush Proteins Private Ltd., Shri Guru Oil Industries, Mayank Cattle Food Ltd., Aarnav Sales Corporation, AMV Sales Corporation, Eco Tech Papers, Genus Paper Board Private Ltd., Krishna Tissues Private Ltd., Maruti Papers Private Ltd., and M/s Vasu and Sons. The company sources maize directly from cultivators, through aggregators, with whom the company has long-standing relationships and from traders in Bihar and West Bengal, amongst other sources. Regaal Resources is the only company with a maize milling plant in Bihar, which gives it a significant competitive advantage.

### Objects of the issue

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

- ⇒ Repayment and / or pre-payment, in full or part, of certain borrowings availed by the company;
- ⇒ General corporate purposes.

### Investment Rationale

#### Strategic plant location offers raw material access and consumption market advantage

The company's plant is strategically located in the heart of one of India's largest maize-growing hubs, i.e., in Kishanganj district in Bihar, which is one of the top three maize-cultivating states in India. The company's manufacturing facility is also strategically located 21 km from the West Bengal border, which is also a key area for maize cultivation, and 209 km from the Assam border. As per the F&S Report, Bihar and West Bengal are traditional maize-producing states in the country. The Seemanchal and Koshi regions of Bihar have become major hubs for maize farming in recent years. Further, the company also benefits from lower logistics costs owing to the proximity of the company's maize milling facility to the Gulabghat 'mandi', one of India's largest maize markets. The East India location also offers a geographic edge, allowing efficient access to key domestic demand centres and export markets such as Nepal and Bangladesh, both major starch importers. This combination of assured raw material supply, reduced procurement costs, and proximity to end markets strengthens operational efficiency, supports margin stability, and enhances the company's competitive positioning in both domestic and international markets.

#### Diversified product mix enables to cater multiple industries and leverage on structural growth trends

The company boasts a well-diversified product portfolio that caters to a broad spectrum of industries, positioning it firmly to capitalize on favorable macro and sectoral trends. As one of the top 10 largest manufacturers of maize-based specialty products in India, with an installed crushing capacity of 750 tons per day, the company has demonstrated robust growth, recording a revenue CAGR of 36.9% between FY23 and FY25, making it one of the fastest-growing players among its peers in the segment. Initially focused on native maize starch and a select group of co-products such as gluten, germ, and enriched fiber, the company has successfully expanded and diversified its product portfolio in recent years. The product diversification enables the company to serve a wide range of end-use industries, including food and beverages, paper, textiles, adhesives, pharmaceuticals, animal nutrition, snacks, confectionery, sauces, and apparel. Native and modified starches play essential roles across the sector - as binders and fillers in pharmaceuticals, viscosity enhancers in food, strengthen-

### Issue Details

Offer Period	12 <sup>th</sup> August, 2025 - 14 <sup>th</sup> August, 2025
Price Band	Rs. 96 to Rs. 102
Bid Lot	144
Listing	BSE, NSE
Issue Size (no. of shares in mn)	30
Issue Size (Rs. in bn)	3.06
Face Value (Rs.)	5

### Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Pantomath Capital Advisors Private Ltd., Sumedha Fiscal Services Ltd.
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Registrar	MUFG Intime India Pvt. Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	99.56	70.45
Public	0.44	29.55
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Assuming issue subscribed at higher band)

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# Regaal Resources Ltd.

Ing agents in textiles, and quality enhancers in paper manufacturing - underscoring the critical and versatile nature of the company's offerings. The growth of end-user industries such as animal nutrition, snacks, confectionery, convenience foods, sauces & spices, spreads, pharmaceuticals, paper and apparel drives the expansion of business. The company's diversified product mix, combined with its agility to introduce new products aligned with market needs, positions it well to harness these structural tailwinds.

## Valuation

Regaal Resources is one of the fastest-growing maize-based specialty products manufacturers in the country and the second-largest player in eastern India with a maize milling capacity of 750 tons per day (TPD). The company's manufacturing plant in a prime maize-growing region of Bihar ensures a steady and cost-effective supply of raw materials, giving it a competitive edge. The company has also been producing a wide range of maize-based products and serves multiple sectors like food, paper, and textiles. The company is planning to expand its presence in South India, where it has a weak presence. Initially, it plans to expand in Andhra Pradesh and Telangana and gradually in other states, viz. Tamil Nadu and Karnataka. India's native maize starch industry is poised for steady expansion, projected to reach USD 2,478.7 million by FY29 F from USD 1991 million in 2024, driven by rising demand from the food, industrial, and feed sectors. The company is well-positioned to capitalize on this opportunity, leveraging its strategic location in Kishanganj, a key maize belt accounting for 11.6% of the national output and its proximity to major mandis and cross-border markets. The company is among the top 10 largest maize milling companies in terms of capacity in India. During FY23-25, Regaal Resources saw a revenue CAGR of 37.0%, which was the fastest amongst its peers. The company's ongoing capacity expansion from 750 to 1,650 TPD, combined with near full utilization of existing capacity and a gradual ramp-up of the new capacity, offers substantial potential for revenue growth over the next 2-3 years. **On the upper price band, the issue is valued at a P/E of 16.9x based on FY25 earnings which seems fairly valued. We, thus, recommend a "SUBSCRIBE" rating for this issue.**

## Key Risks

- ⇒ One of the company's promoters, Anil Kishorepuria, is facing an ongoing CBI case alleging fraudulent preferential allotment of shares in 1999. Any adverse outcome could harm the company's reputation and business. The matter is pending before the Additional Sessions Judge, Mumbai, with the next hearing on August 11, 2025.
- ⇒ The company is highly dependent on its top 10 maize suppliers, which contribute over 83% of total procurement in each reported period. The absence of long-term contracts heightens exposure to supply disruptions or adverse price movements, which could materially affect operations, profitability, and revenue stability.
- ⇒ The company, along with its Promoters, Directors, Key Managerial Personnel, and senior management, is subject to certain ongoing legal proceedings. An adverse outcome in any of these cases could materially impact the company's business, cash flows, financial condition, and operating results.

# Regaal Resources Ltd.

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Revenue</b>			
Revenue from Operations	4,880	6,000	9,152
<b>Total Revenue</b>	<b>4,880</b>	<b>6,000</b>	<b>9,152</b>
<b>Expenses</b>			
Cost of raw materials consumed	2,927	3,270	5,309
Purchases of stock-in-trade	581	1,322	1,400
Changes in inventories of stock-in-trade and finished goods	(27)	(271)	(63)
Employee benefit expenses	175	204	246
Other expenses	817	912	1,131
<b>Total Operating Expenses</b>	<b>4,473</b>	<b>5,437</b>	<b>8,024</b>
<b>EBITDA</b>	<b>407</b>	<b>564</b>	<b>1,128</b>
Depreciation and Amortization expenses	76	88	141
Other income	7	11	24
<b>EBIT</b>	<b>338</b>	<b>486</b>	<b>1,011</b>
Finance costs	112	195	374
Exceptional Item			
<b>PBT</b>	<b>226</b>	<b>291</b>	<b>638</b>
Total tax	58	70	161
<b>PAT</b>	<b>168</b>	<b>221</b>	<b>477</b>
<b>Diluted EPS</b>	<b>2.2</b>	<b>2.9</b>	<b>6.0</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	346	-225	-112
Cash flow from investing activities	-694	-1,063	-1,280
Cash flow from financing activities	348	1,485	1,723
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>0</b>	<b>197</b>	<b>331</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1</b>	<b>1</b>	<b>198</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1</b>	<b>198</b>	<b>529</b>

Source: RHP, BP Equities Research

# Regaal Resources Ltd.

## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	1,753	3,004	3,714
Capital work in Progress	441	396	704
Right of Use assets	81	45	40
Intangible Assets	0	0	0
Other intangible assets			
Investments	4	9	11
Other financial assets	14	16	20
Non-Current Tax Assets	175	36	332
<b>Total Non current assets</b>	<b>2,469</b>	<b>3,507</b>	<b>4,821</b>
<b>Current Assets</b>			
Inventories	305	571	1,183
Trade Receivables	719	1,267	1,369
Cash and cash equivalents	1	198	529
Other Bank Balance	0	0	9
Others financial assets	116	70	125
Current tax assets	1	3	3
Other current assets	105	244	563
<b>Total Current Assets</b>	<b>1,247</b>	<b>2,353</b>	<b>3,781</b>
<b>Total Assets</b>	<b>3,715</b>	<b>5,860</b>	<b>8,603</b>
<b>Equity &amp; Liabilities</b>			
(a) Equity Share Capital	96	96	411
(b) Other Equity	1,029	1,251	2,024
<b>Total Equity</b>	<b>1,125</b>	<b>1,347</b>	<b>2,435</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	1,252	2,512	3,043
Lease Liabilities	85	48	44
Provisions	13	19	26
Deferred tax liabilities (net)	86	127	183
<b>Financial Liabilities</b>			
Borrowings	637	1,060	2,027
Lease Liabilities	1	4	4
Trade Payable	407	547	480
Other financial liabilities	71	174	328
Current tax liabilities	6	1	16
Provisions	0	0	1
Other current liabilities	31	20	15
<b>Total Current Liabilities</b>	<b>1,154</b>	<b>1,806</b>	<b>2,871</b>
<b>Total Liabilities</b>	<b>2,590</b>	<b>4,513</b>	<b>6,168</b>
<b>Total Equity and liabilities</b>	<b>3,715</b>	<b>5,860</b>	<b>8,603</b>

Source: RHP, BP Equities Research

## Disclaimer Appendix

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

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