IPO REVIEW

Trualt Bioenergy IPO

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- The company is engaged in biofuel industry with diversified products, particularly in Ethanol sector.
- It has up the sleeve various expansion cum diversification plans that holds the key.
- Amidst all these initiatives, it posted bumper results for FY25, but marked de-growth for FY24.
- Based on its recent financial data, the issue appears aggressively priced, discounting all near term positives.
- Well-informed investors may park funds for medium to long term.

About the Company

Trualt Bioenergy Ltd. (TBL) is one of India’s largest biofuels producers, having strategically positioned itself as a prominent and diversified player in the biofuels industry, particularly in the Ethanol sector. It holds the distinction of being the largest Ethanol producer in India based on installed capacity, with an aggregate installed capacity of 2,000 kilo litres per day (“KLPD”) and an operational capacity of 1,800 KLPD, as of March 31, 2025. Its market share is amongst the largest in terms of Ethanol production capacity in Fiscal 2025, at 3.6%. (Source: CRISIL Report) As of the date of this Red Herring Prospectus, it had established five distillery units in Karnataka. As of March 31, 2025, it operated four Ethanol production distilleries on molasses and syrup-based feedstocks

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

Through its Subsidiary, Leafiniti, it is one of the first producers of CBG under the Sustainable Alternative Towards Affordable Transportation ("SATAT") scheme introduced by the Government of India in 2018. (Source: CRISIL Report) It is rapidly expanding CBG capacity with multiple plants and are set to become one of India’s leading CBG/ bio-CNG producers. (Source: CRISIL Report) Its Subsidiary, Leafiniti, operates one CBG plant with a capacity of 10.20 tonnes per day ("TPD") as of March 31, 2025, which also produces solid and liquid fermented organic manure ("FOM"). To strengthen its CBG capabilities further, on August 11, 2025, the Company entered into a share subscription cum shareholders’ agreement with GAIL through which its Subsidiary, Leafiniti will

commence setting up multiple CBG units across various locations in a phased manner, of which 20 locations have been identified in the subscription cum shareholders' agreement. GAIL is proposing to hold not more than 49% shareholding in Leafiniti.

In order to further explore strategic partnerships to expand CBG capabilities, it has entered into a memorandum of understanding ("MOU") dated November 18, 2024 with a globally recognized Japanese trading and investment company and a Japanese gas company to establish a joint venture for setting up multiple CBG plants starting from three to five CBG plants in different parts of India. Additionally, it has signed a non-binding term sheet dated February 18, 2025 and a memorandum of understanding dated October 25, 2024 with Sumitomo Corporation Asia & Oceania Pte. Ltd. for potential collaboration in the bioenergy sector. The initial phase will involve developing four CBG plants (three in Karnataka and one in Maharashtra), followed by future projects in ethanol and sustainable aviation fuel.

As an extension of existing business, TBL intends to expand operations and venture into production of 2G Ethanol by utilizing excess 'bagasse', a by-product of sugar manufacturing, as the raw material. The company intends to utilize 800,000 MT of bagasse from Promoter Group companies to produce approximately 6 crore litres per annum of 2G ethanol. The Company has signed MoU with Praj Industries Limited on a non-exclusive basis for the production of SAF and 2G ethanol. Further, it has entered into a non-binding term sheet with Sumitomo Corporation Asia & Oceania Pte. Ltd. for potential collaboration in the bioenergy sector.

It intends to move-up the value chain further by utilizing Ethanol to produce SAF. The company has also entered into a process license agreement with UOP LLC for Ethanol to Jet process technology to transform Ethanol into high-quality, renewable jet fuel (SAF). It intends to set up a facility to produce 10 crore litres of SAF annually, which, according to the CRISIL Report, is intended to place it as one of the world's largest producers of SAF from Ethanol. It is expected that from 2027, all international flights will be subject to offsetting requirements under the mandatory stage of the Carbon Offsetting and Reduction Scheme for International Aviation, and the Indian Government has also announced a 1% SAF indicative blending target for 2027. (Source: CRISIL Report) To meet this requirement, it aims to scale existing facility to produce SAF.

The Company is a green energy company steadfastly pursuing objectives through a harmonious amalgamation of various policies laid out by the Government of India in its transition towards sustainable growth. From the foundational National Biofuels Policy 2018 to the strategic Ethanol Blending Program, the Pradhan Mantri JIVAN Yojana, the SATAT initiative, to cutting-edge forays into green hydrogen and the globally significant Carbon Offsetting and Reduction Scheme for International Aviation, its vision seamlessly aligns with an extensive spectrum of governmental policies.

TBL's future hinges on successful implementation of ongoing expansion/diversification plans, and if all goes well, it is heading for bright prospects. As of March 31, 2025, it had 714 employees on its

payroll, and additional 62 contract workers in various department.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of equity shares worth Rs. 839.28 cr. - approx. 16920968 equity shares at the upper cap). The IPO comprises of fresh equity shares worth Rs. 750 cr. (approx. 15120968 equity shares at the upper cap), and an Offer for Sale (OFS) of 1800000 equity shares (worth Rs. 89.28 cr. at the upper cap). The company has announced a price band of Rs. 472 – Rs. 496 per equity shares of Rs. 10 each. The issue opens for subscription on September 25, 2025, and will close on September 29, 2025. The minimum application to be made is for 30 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 19.73% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 150.68 cr. for capex on setting up multi-feed stock operations at TBL unit 4, and Rs. 425 cr. for working capital, and the rest for general corporate purposes.

The joint Book Running Lead Managers (BRLMs) to this issue are DAM Capital Advisors Ltd., and SBI Capital Markets Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Sharekhan Ltd., Investec Capital Services (India) Pvt. Ltd., and SBICAP Securities Ltd. are syndicate members.

Having issued initial equity shares at par, the company issued further equity shares at a fixed price of Rs. 491 per share in May 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 5.76, Rs. 5.82, Rs. 15.96, and Rs. 17.08 per share.

Post-IPO, its current paid-up equity capital of Rs. 70.63 cr. will stand enhanced to Rs. 85.75 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 4253.33 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 762.38 cr. / Rs. 35.46 cr. (FY23 - standalone), Rs. 1280.19 cr. / Rs. 31.81 cr. (FY24 - consolidated), and Rs. 1968.53 cr. / Rs. 146.64 cr. (FY25 - consolidated). The company marked inconsistency in its top lines, but growth in its bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 13.07 and an average RoNW of 16.00%. The issue is priced at a P/BV of 4.56 based on its NAV of Rs. 108.87 as of March 31, 2025, and at a P/BV of 2.80 based on its post-IPO NAV of Rs. 177.14 per share (at the upper cap).

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 29.01. Based on FY24 earnings, the P/E stands at 133.69. Thus, the issue appears aggressively priced.

The company has shown PAT margins of 4.65% (FY23), 2.60% (FY24), 4.69% (FY25), and RoCE margins of 11.38%, 7.42%, 10.88%, respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in March 2024, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Balarampur Chini, Triveni Engg., and Dalmia Bharat Sugar, as their listed peers. They are currently trading at a P/E of 23.9, 34.7, and 7.85 (As of September 23, 2025). However, they are truly not comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The two BRLMs associated with the offer have handled 42 pubic issues in the past three fiscals, out of which 13 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

TBL is engaged in biofuel industry with diversified products, particularly in Ethanol sector. It has up the sleeve various expansion cum diversification plans that holds the key. Amidst all these initiatives, it posted bumper results for FY25, but marked de-growth for FY24. Based on its recent financial data, the issue appears aggressively priced, discounting all near term positives. Well-informed investors may park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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