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Generating Wealth

Stock Idea
30th June 2026

Regaal Resources Ltd

CMP: INR 78

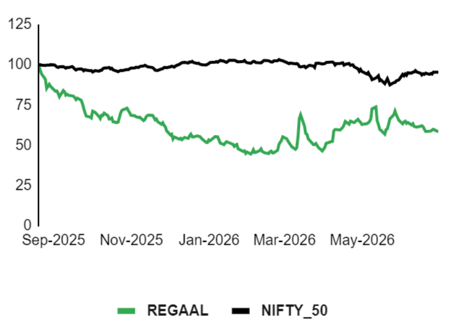
View : Positive

Stock Info	
BSE	544485
NSE	REGAAL
Bloomberg	
Sector	FMCG
Face Value (INR)	5
Equity Capital (INR Mn)	513.6
Mkt Cap (INR Mn)	8,069
52w H/L (INR)	359/187
Avg Daily Vol (in 000')	576

Shareholding Pattern % *(As on March 2026)*	
Promoters	71.32
FII	0.33
DII	2.82
Public & Others	25.53

Stock Performance (%)	1m	6m	12m
Regaal	(6.45)	11.0	(40)
Nifty	2.07	(8.6)	(6.5)

Regaal Vs Nifty



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Regaal Resources Limited is a maize-based specialty products manufacturer headquartered in Kolkata, with its integrated wet-milling facility located in Kishanganj, Bihar at the heart of one of India's top maize-cultivating belts. Founded in 2016 and operational since FY18, the company has scaled rapidly from 180 TPD to 1,650 TPD (as of May 2026), making it the largest maize wet-milling facility in Eastern India, with a revenue CAGR of 32.5% from FY23-FY26. Its diversified portfolio spans native and modified starches, value-added consumer products, derivatives (liquid glucose, maltodextrin powder), and co-products (maize germ, gluten, fiber), serving industries such as food & beverages, pharmaceuticals, paper, textiles, and animal nutrition.

Investment Rationale

Capacity inflection point: Crushing capacity doubled from 825 TPD to 1,650 TPD on 26th May 2026, making Regaal the largest maize wet-milling facility in Eastern India total capacity (incl. derivative lines) effectively scaling to ~2.5x prior levels, providing strong visible volume growth into FY27.

Fast ramp-up runway: The company guided new capacity to stabilize within weeks, not months, with full ramp-up expected over ~9 months by H2 FY27 the expanded base should be running at near-optimal utilization, a key re-rating trigger as the company has historically ramped new lines quickly (96.5% peak utilization achieved in FY26).

Value-added product mix shift: VAP share of revenue is set to jump from ~3% in FY26 to 20–25% in FY27 and ~35% at full run-rate (FY28), driven by new Liquid Glucose (180 TPD) and Maltodextrin Powder (50 TPD) lines, plus upcoming Dextrose Anhydrous, Dextrose Monohydrate, Hydrol and expanded modified-starch portfolio (cationic, carboxymethyl, pre-gel starch). VAP realizations carry a 20–25% premium over native starch, directly margin accretive.

Earnings trajectory turning sharply higher: Operating EBITDA is estimated to scale from INR 126.6 Cr in FY26 to INR 190–200 Cr in FY27 and further to INR 300 Cr in FY28 as the expanded capacity and VAP mix flow through implying a multi-year compounding earnings story backed by capacity already on the ground.

Double-engine margin expansion: Brownfield nature of the expansion means overheads do not double with capacity, so economies of scale plus richer product mix should jointly lift EBITDA margins from FY27 onward, as the company itself describes it as a 'double engine growth vehicle.'

Strengthening balance sheet: Net Debt/Equity improved sharply to 1.1x (FY26) from 1.9x (FY25); cash conversion cycle improved to 50 days from 93 days, reflecting disciplined working-capital management even through a large capex cycle.

Policy and locational moat: Eligible for Bihar Industrial Investment Promotion Policy (BIIPP) benefits up to 10% interest subvention (capped at INR 20 Cr over 5 years) and 100% State GST reimbursement structurally lowering cost of capital; facility sits amid one of India's top maize-growing belts with 65,000 MT storage and proximity to Nepal/Bangladesh export corridors.

Diversified, sticky customer base: 345 customers as of FY26 (134 added during the year), dealer channel at 65.5% of revenue, declining trading-revenue dependence (trading expected to fall to near-zero as native maize is fully absorbed into own production), and a scalable white-labelling business (4 partner brands and growing) adding low-risk volume upside.

Export and pan-India headroom: Exports remain a small share of revenue with South India contributing just 0.67% of FY26 revenue both represent largely untapped growth avenues as capacity comes online.

Outlook:

The company has chosen to withhold formal FY27 guidance until the new 1,650 TPD facility stabilizes, with firm guidance expected by Q1–Q2 FY27 a prudent, credible approach rather than a red flag, in our view, given the scale of the brownfield expansion just commissioned.

Near term: revenue and EBITDA should at least double over FY26 levels as the expanded capacity ramps over the next ~9 months, supported by softening maize prices (~10% lower YoY) that improve cost competitiveness, particularly for exports.

Medium term (FY27–FY28): VAP mix expansion to 20–35% of revenue, full utilization of the 1,650 TPD base, and the upcoming DAH/DMH/Hydrol launches (Q3–Q4 FY27) should drive EBITDA toward INR 190–200 Cr in FY27 and INR 300 Cr in FY28, alongside continued de-leveraging and improving return ratios.

Overall, Regaal screens as a structurally improving, capacity-led growth story in the Indian agro-processing/specialty-ingredients space, with near-term catalysts (capacity ramp-up, formal guidance by H1 FY27) and medium-term catalysts (VAP scale-up, derivative launches) both clearly visible on the horizon.

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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