IPO REVIEW

Adon Agro Commodities IPO

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- The company is operating in agro commodity trading and processing.
- It largely operates in dry fruits and markets it under its own brand “Hunger Nuts”.
- The company posted growth in its top and bottom lines for the reported periods.
- Bumper top and bottom lines for 10M-FY26 non-convincing and raise concern over its sustainability as it is operating in a highly competitive and fragmented segment.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About the Company

Adon Agro Commodities Ltd. (AACL) operates in the agro-commodity trading and processing sector, primarily engaged in the sourcing, importing, processing, packing and distribution of dry fruits, nuts, seeds and berries. Its product portfolio includes, inter alia, almonds, walnuts, dates, pistachios, apricots, raisins and other allied products. The company endeavors to maintain quality standards across operations, with a focus on product quality, customer requirements and responsible business practices.

AACL sources dry fruits, nuts, seeds and berries both domestically and internationally from countries including the United Arab Emirates, Afghanistan, Chile, the United States of America and Sri Lanka. The sourced products are sold in bulk to business-to-business (“B2B”) customers and are also processed, packed and marketed under its proprietary brand “Hunger Nuts” for sale to wholesale and retail customers under B2B and D2C segments.

Leveraging its established sourcing and procurement capabilities, the Company has gradually expanded its product range and developed an integrated business model encompassing procurement from India and overseas markets, processing, packing and sale of products. Sales are undertaken in bulk for B2B customers and through retail channels under the “Hunger Nuts” brand. Its presence in the Agricultural Produce Market Committee (APMC), Navi Mumbai, and engagement with intermediaries and select third-party distributors in various states in India, supports the distribution of both processed and unprocessed dry fruits across multiple product categories. Its product offerings comprise various qualities of dry fruits such as almonds, cashews, walnuts, raisins and pistachios, sourced from multiple geographies. It has implemented internal quality control processes to ensure that products meet defined standards prior to sale. Its business strategy is focused on catering to the growing demand for nutritious food products and addressing the needs of lifestyle-conscious consumers.

Its distribution channels include direct sales, wholesale and retail outlets, as well as digital platforms. In addition to own website, its products are listed on leading e-commerce marketplaces and are also available through select large-format retail stores. The Company undertakes containerized bulk sales of dry fruits, nuts and seeds, primarily catering to institutional customers, traders, manufacturers and distributors. Under this vertical, products are supplied in large volumes using containerized logistics or bulk packaging formats, enabling efficient handling, storage and transportation of consignments. This business contributed 41.76% of its total revenues for 10M-FY26.

The company operates on B2B, B2C and D2C models coupled with e-Commerce for its business. While its direct trading posted 46.26% of its revenues, processing and packaging marked 52.29%, and the rest with other channels. As of January 31, 2026, it had 62 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 6290000 equity shares of Rs. 10 each to mobilize Rs. 44.03 cr. The company has announced the price band of Rs. 66 – Rs. 70 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on June 29, 2026 and will close on July 01, 2026. The shares will be listed on BSE SME. The IPO constitute 27.33% of the post-IPO paid-up capital of the company. From the net proceeds of the issue, the company will utilize Rs. 32.00 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Galactico Corporate Services Ltd., and KFin Technologies Ltd. is the registrar to the issue. Shreni Shares Ltd. is a market maker, and also a syndicate member. The issue is underwritten to the tune of 15% by Galactico Corporate and 85% by Smart Horizon Capital (A Shreni group entity).

After issuing entire equity capital at par value, the company issued further equity shares at a fixed price of Rs. 110 per share in May 2025. It has also issued bonus shares in the ratio of 1 for 1 in May 2025, and 5 for 3 in February 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.08, and Rs. 1.88 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 16.73 cr. will stand enhanced to Rs. 23.02 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 161.12 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 22.33 cr. / Rs. 0.09 cr. (FY23), Rs. 72.92 cr. / Rs. 1.79 cr. (FY24), Rs. 103.04 cr. / Rs. 7.22 cr. (FY25). For 10M of FY26 ended on January 31, 2026, it earned a net profit of Rs. 21.55 cr. on a total income of Rs. 287.33 cr. While the company posted growth in its top and bottom lines for the reported periods, quantum jump in bottom lines from FY25 onwards and boosted top and bottom

lines for 10M-FAY26 appears to be a window dressing to fetch fancy valuations.

For the last three fiscals, the company has reported an average EPS of Rs. 3.25 and an average RoNW of 71.77%. The issue is priced at a P/BV of 1.20 based on its NAV of Rs. 58.54 per share as of January 31, 2026, but its post IPO NAV data is missing from the offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 6.23, and based on FY25 earnings, the P/E stands at 22.29. The issue appears fully priced based on its recent earnings. For FY26, its super annualized makes it lucratively priced, but these profits are non-convincing and not sustainable as it is operating in a highly competitive and fragmented segment.

The company has posted PAT Margins of 0.38% (FY23), 2.47% (FY24), 7.01% (FY25), 7.50% (10M-FY26), and ROCE margins of 49.87%, 51.85%, 60.65%, 68.79%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Leo Dry Fruits, Proventus Agrocom, Krishival Food as its listed peers. They are trading at a P/E of 9.00, 37.4, and 50.6 (as of June 25, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears as an eyewash.

Merchant Banker's Track Record

This is the 3rd mandate from Galactico Corporate in the last three fiscals (including the ongoing one). Out of the last 2 listings, both listed at discount on the date of listing. The merchant banker has a poor track record.

Conclusion / Investment Strategy

AACL is operating in agro commodity trading and processing. It largely operates in dry fruits and markets it under its own brand “Hunger Nuts”. The company posted growth in its top and bottom lines for the reported periods. Bumper top and bottom lines for 10M-FY26 non-convincing and raise concern over its sustainability as it is operating in a highly competitive and fragmented segment. Only well-informed/cash surplus/risk seekers may park moderate funds for medium term, others may stay away.

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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