IPO REVIEW

# Papadmalji Agro Foods IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 28 September 2026

- The company is engaged in the manufacturing and marketing of in-house as well as white label products.
- It sells its products under the brand names like “Zhakaas”, “Vishal”, “Rozana”, “Diamond”, and “Papadmalji”.
- It posted growth in its top and bottom lines for the reported periods.
- Based on its recent average financial data, the issue appears fully priced.
- Investors may park funds for medium to long term.
- IN VIEW OF THE LIKELY BANK STRIKE FROM 28.09.26 TO 30.09.26, THE IPOS/PRIMARY OFFERS THAT ARE FALLING BETWEEN THESE THREE DAYS, IPOS SCHEDULE TIME LINE MAY CHANGE AND THE REVISED DATES WILL GET EFFECTIVE FOR OPENING AND / OR CLOSING SCHEDULES, AS THE CASE MAY BE. INVESTORS ARE REQUESTED TO MAKE A NOTE OF THIS.

## About the Company

Papadmalji Agro Foods Ltd. (PAFL) is engaged in the in-house manufacturing of:• Hand-Made Papads, • Machine-Made Papads, • Machine-Made ready to Fry Papads, • Rice Papads (Khichiya), • Vrat Special Papads, and • Moongodi.

In addition to in-house manufacturing, it also undertakes white label manufacturing of Handmade Papads for clients, wherein products are produced by the Company and marketed by clients under their respective brand names and packaging, tailored to their target market. This combination of in-house and white label manufacturing enables the Company to leverage its production, optimize capacity utilization, diversify revenue streams and maintain consistent demand.

At the same time, clients benefit by expanding their product portfolio without investing in manufacturing infrastructure, strengthening brand presence and ensuring product quality and reliability. Furthermore, the Company is engaged in the trading of Cereal Pellets where these products are sourced and traded by the Company under its own brand, complementing its manufacturing operations and providing an additional revenue stream. While handmade papads continue to represent a significant share of its revenue, it has invested in machine-based production to enhance scalability, consistency, and hygiene standards. Its facilities are equipped with semi-automated and automated machinery for dough preparation, sheeting, rolling, cutting, drying and packaging. The combination of traditional and mechanized methods enables it to balance scale with heritage-based production.

The Company operates a portfolio of brands comprising Zhakaas, Vishal, Rozana, Diamond and Papadmalji, each positioned to address different product categories, consumer segments and distribution channels. Papad is a traditional Indian food item that is commonly consumed as an accompaniment or snack across households, religious occasions, festivals, and social gatherings. It has historically formed part of customary meals and traditional culinary practices in several regions of India.

Over time, consumption of papad has extended beyond household and ceremonial use to include hotels, restaurants, catering services and institutional consumption. In line with these consumption trends, the Company has focused on the organized manufacture and distribution of papads across multiple formats and channels. With this vision in mind, the brand name “Papadmalji” was adopted to reflect the heritage of papad making and was registered as a device mark on March 30, 2017. In line with the adopted brand identity and business objectives, it formally incorporated Papadmalji Agro Foods Private Limited on December 19, 2017 with the Registrar of Companies, Central Registration Centre, Manesar. The company subsequently acquired the business of sole proprietorship firm “Vishal Namkeen Bhandar” pursuant to a Business Transfer Agreement (BTA) dated February 17, 2018, on a slump sale basis, in accordance with the terms and conditions set forth in the BTA. Pursuant to the execution of the BTA, PAFL acquired all assets and liabilities relating to the business as on the effective date of the BTA. As of March 31, 2026, its products were sold in 21 states and 3 Union Territories in India. As of March 31, 2026, it had 118 employees on its payroll and additional 22 contract workers.

## Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 2803200 equity shares of Rs. 10 each to mobilize Rs 20.18 cr. at the upper cap. The IPO consists of 2572800 fresh equity shares (worth Rs. 18.52 cr. at the upper cap), and an Offer for Sale (OFS) of 230400 equity shares (worth Rs. 1.66 cr. at the upper cap). The company has announced a price band of Rs. 69 – Rs. 72 per share. The minimum application to be made is for 3200 shares and in multiples of 1600 shares thereon, thereafter. The IPO opens for subscription on September 29, 2026, and will close on October 01, 2026. The IPO constitute 29.85% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds, it will utilize Rs. 7.90 cr. for capex on new manufacturing facility along with roof top solar plant, Rs. 5.80 cr. for repayment/pre-payment of certain borrowings, and the rest for general corporate purposes.

The IPO is solely lead managed by Kreo Capital Pvt. Ltd., while MAS Services Ltd., is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker.

The company has issued initial equity capital at par value, and issued further equity shares at a fixed price of Rs.388 per share between April 2018, and February 2020. It has also issued bonus shares in the ratio of 8 for 1 in September 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 1.10, Rs. 1.11, Rs. 9.00, and Rs. 43.11 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 6.82 cr. (6819558 equity shares) will stand enhanced to Rs. 9.39 cr. (9392388 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 67.63 cr.

## Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 26.29 cr. / Rs. 2.11 cr. (FY24), Rs. 31.76 cr. / Rs. 4.72 cr. (FY25), and Rs. 33.54 cr. / Rs. 5.21 cr. (FY26). It marked growth in its top and bottom lines for the reported periods. Its contingent liabilities as of March 31, 2026 stood at Rs. 2.77 cr., raising concern. Year-on-year rising trade receivables raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 6.65, and an average RoNW of 36.22%. The issue is priced at a P/BV of 3.04 based on its NAV of Rs. 23.67 per share as of March 31, 2026, and at a P/BV of 1.94 based on its post-IPO NAV of Rs.37.20 per share (at the upper cap).

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 12.97, and based on FY25 earnings, the P/E stands at 14.31. The issue appears fully priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 8.02% (FY24), 14.88% (FY25), 15.54% (FY26), and RoCE margins of 32.26%, 44.51%, 46.47%, respectively, for referred periods.

## Dividend Policy

The company has not declared any dividends for the reported periods of the offer document. It has adopted a dividend policy in October 2025, based on its future prospects, and financial performance.

## Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

## Merchant Banker's Track Record

PAFL is engaged in the manufacturing and marketing of in-house as well as white label products. It sells its products under the brand names like “Zhakaas”, “Vishal”, “Rozana”, “Diamond”, and “Papadmalji”. It posted growth in its top and bottom lines for the reported periods. Based on its recent average financial data, the issue appears fully priced. Investors may park funds for medium to long term.

## Conclusion / Investment Strategy

PHL is engaged in operating restaurants with QSR services in and around Pune. It is expanding its set up at Lonavala with IPO funds. The company is operating in a highly competitive and fragmented segment. Tiny post-IPO equity capital indicates longer gestation period for migration. Based on its recent average financial data, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds for 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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