IPO REVIEW

Q&T Foods IPO

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- The company is engaged in the manufacturing and marketing of bakery products under its own brand “American Bakers”.
- It is a north region centric company doing marketing through its dealer network. It has no own outlets.
- The company posted growth in its top and bottom lines for the reported periods.
- Boosted profits in a pre-IPO year appears window dressing to fetch fancy valuations.
- Small equity base post-IPO indicates longer gestation period for migration.
- The merchant banker has a poor track record.
- There is no harm in skipping this pricey and dicey bet.
- This IPO is opening on August 12, 2026, and its offer document is dated August 06, 2026, but the same were uploaded on public domain only on early this morning. Such compliances are not within the parameters of regulators. Will anybody look in to the matter?

About the Company

Q&T Foods Ltd. (QFL) is primarily engaged in the business of manufacturing, distribution, marketing and selling of bakery products in savory category which include breads, buns, pizza bases, Kulcha etc. under its brand ‘American Bakers’ targeted primarily at local consumers. The company was originally incorporated as Private Limited Company under the Companies Act, 2013 in the name and style of “Q&T Foods Private Limited”, on August 29, 2018. Subsequently, the Company was converted into Public Limited Company and the name of the company was changed to “Q&T Foods Limited” pursuant to shareholders resolution passed at an Extra Ordinary General Meeting held on May 27, 2024 and fresh certificate of incorporation dated August 08, 2024 was issued by the Central Processing Centre.

We offer a diversified product portfolio catering to consumers with varied preferences. The Company manufactures and sells varieties of “breads” such as Milk Bread, White Bread, Multigrain Bread, Brown Bread under “Bread category” and other Bakery products like Kulcha; Pav; Burger Bun, Pizza Base etc primarily in the state of Uttar Pradesh.

All its products are manufactured at in-house, manufacturing facility accredited with ISO (ISO 22000:2018) and Hazard Analysis & Critical Control Points (HACCP) for quality management systems situated at an area of 10,750 sq. feet situated at Kh No. 378, Deenanathpur, Puti Post Dasna, Ghaziabad, Uttar Pradesh -201015 and has 9,472 TPA installed capacity, which enables it to have an

effective control over the manufacturing process and to ensure consistent quality of products. Further, its manufacturing facility is strategically located near to majority of customers' allowing it to optimize deliveries, reduce lead times and facilitate greater interaction with customers.

The basic raw material used by QFL to manufacture its products are flour, sugar, salt, oil and fats, yeast and fermenting agents. Apart from these it also requires Improvers, Ascorbic Acid Calcium Propionate and Acetic Acid. The company procures these raw materials from suppliers located in Uttar Pradesh and nearby areas. Its procurement and inventory management processes are designed to ensure uninterrupted availability of raw materials for manufacturing operations.

Over a period of time, it has developed a dealer network that consist of more than 50 dealers of its products, the company does not maintain retail stores. Its products are sold to dealers who are engaged in the selling of various FMCG products and retail end-consumers through its dealers, who resell QFL products at some margins to retailers at their multi-brand outlets/ stores. As of June 30, 2026, it had 37 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden IPO of 2282400 equity shares of Rs. 10 each at a fixed price of Rs. 115 per share to mobilize Rs. 26.25 cr. at the upper cap. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on August 12, 2026 and will close on August 14, 2026. The shares will be listed on BSE SME. The IPO constitute 32.24% of the post-IPO paid-up capital of the company. The company is spending Rs. 3.66 cr. for this IPO process, and from the net proceeds, the company will utilize Rs. 6.75 cr. for repayment/prepayment of certain borrowings, Rs. 4.42 cr. for capex on purchase of additional equipment/machineries, Rs. 7.50 cr. for working capital, and Rs. 3.92 cr. for general corporate purposes.

The IPO is solely lead managed by Corporate Makers Capital Ltd., and Skyline Financial Services Pvt. Ltd. is the registrar to the issue. Prabhat Financial Services Ltd., is the market makers.

Having issued initial equity capital at par, the company issued further shares at a fixed price of Rs. 94 per share between October 2024, and November 2024. It has also issued bonus shares in the ratio of 21 for 1 in September 2024, and 1 for 1 in December 2024. The average cost of acquisition of shares by the promoters is Rs. NIL, Rs. 1.14 per share.

Post-IPO, company's current paid-up equity capital of Rs. 4.80 cr. will stand enhanced to Rs. 7.08 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 81.40 cr. Small post-IPO equity base indicates longer gestation period for migration.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 40.22 cr. / Rs. 1.96 cr. (FY24), Rs. 46.83 cr. / Rs. 2.74 cr. (FY25), Rs. 54.78 cr. / Rs.

5.20 cr. (FY26). Boosted performance in a pre-IPO year raise eyebrows, and concern over its sustainability as the company is operating in a highly competitive and fragmented segment. Rising trade receivables year-on-year raise alarm. Bumper profits for FY26 appears to be a window dressing to fetch fancy valuations for the IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 6.98 (simple average) and an average RoNW of 47.58%. The issue is priced at a P/BV of 4.51 based on its NAV of Rs. 25.52 per share as of March 31, 2026, and at a P/BV of 2.12 based on its post-IPO NAV of Rs. 54.37 per share.

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 15.65, and based on FY25 earnings, the P/E stands at 29.79. The issue appears aggressively priced based on its recent average earnings.

The company has posted PAT Margins of 4.87% (FY24), 5.84% (FY25), 9.49% (FY26), and RoCE margins of 85.45%, 60.69%, 70.88%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends since its incorporation. 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 Mrs. Bectors Foods. as its listed peer. It is currently trading at a P/E of 57.2 (as of August 11, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 11th mandate from Corporate Makers in the last three fiscals (including the ongoing one). Out of the last 10 listings, 6 opened at discount, 3 at par and just 1 opened at a premium of 53.38% on the listing date. The merchant banker has a poor track record.

Conclusion / Investment Strategy

QFL is engaged in the manufacturing and marketing of bakery products under its own brand “American Bakers”. It is a north region centric company doing marketing through its dealer network. It has no own outlets. The company posted growth in its top and bottom lines for the reported periods. Boosted profits in a pre-IPO year appears window dressing to fetch fancy valuations. Small equity base post-IPO indicates longer gestation period for migration. The merchant banker has a poor track record. There is no harm in skipping this pricey and dicey bet.

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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