IPO REVIEW

Quanto Agroworld IPO

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- The company is engaged in cultivation, processing and supply of medicinal and aromatic plants in India.
- Lemongrass is its primary crop with a principal commercial product.
- The company posted growth in its top and bottom lines for the reported periods.
- Based on its recent average financial data, the issue appears fully priced.
- Merchant banker has an average track record.
- There is no harm in skipping this dicey IPO.

About the Company

Quanto Agroworld Ltd. (QAL) is engaged in the cultivation, processing and supply of Medicinal and Aromatic Plants (“MAPs”) in India, with lemongrass constituting its primary crop and principal commercial focus. Incorporated in 2018, the Company was established with the objective of undertaking organised agricultural and farming activities and has since scaled its operations to serve institutional and business-to-business (“B2B”) customers requiring consistent and specification driven botanical ingredients.

The Company operates as a specialty ingredient manufacturer focused on lemongrass-based botanical formats and essential oils. Its business model is vertically integrated and covers the complete operational cycle from agricultural cultivation to primary processing and bulk supply. Core activities include land preparation, plantation, crop management, harvesting, on-site steam distillation, packaging and dispatch of finished products. This integrated operating structure enables tighter control over production schedules and quality consistency while reducing dependence on third-party aggregators or processors.

Company’s cultivation operations are undertaken through a clearly defined land-access framework comprising government-leased agricultural land and privately leased farmland operated through a subsidiary. As on the date of this Prospectus, the Company has access to agricultural land allotted through Maharashtra State Farming Corporation Limited (“MSFCL”), a Government undertaking. Of this MSFCL land, approximately 424 acres represent developed agricultural land currently under active cultivation, while an additional 312.57 acres of MSFCL land are under development and are proposed to be progressively brought into cultivation, subject to land readiness, irrigation infrastructure and operational planning. These land parcels are located in and around Ravalgaon, Maharashtra, and form its core cultivation base.

In addition to MSFCL land, cultivation is supplemented through privately leased agricultural land aggregated and managed by its subsidiary, Quanto Agritech Private Limited (“QAPL”). QAPL has leased approximately 165.33 acres from marginal and private landholders, including absentee landowners, and undertakes cultivation under structured operational arrangements. This private-leasing framework supports incremental expansion of MAP cultivation in a capital-efficient manner while remaining operationally aligned with its overall crop planning and quality standards.

Manufacturing and processing activities are centralised at the Company’s facility located at Gat No. 82, SN 33/37/73, Block No. 18, Village Ravalgaon, Taluka Malegaon, Nashik – 423 108, Maharashtra, India, spread over approximately 20 gunthas (0.50 acres). The existing Distillation Plant is situated within the land parcel forming part of QAL’s existing arrangement with Maharashtra State Farming Corporation Limited (“MSFCL”), i.e., Block 18 (admeasuring approximately 424.04 acres). Manufacturing and processing activities are centralised at its facility located at Gat No. 82, SN 33/37/73, Block No. 18, Village Ravalgaon, Taluka Malegaon, Nashik – 423 108, Maharashtra, India, spread over approximately 20 gunthas (0.50 acres). The facility houses steam distillation units, utilities, material handling systems and storage infrastructure. Co-location of processing infrastructure with its principal cultivation area enables timely processing of harvested biomass, reduces post-harvest handling and logistics requirements, and supports consistency in essential oil quality. However, its capacity utilization sharply declined to 41.91% for FY26, against 85.96% for FY24, and raise concern. As of the date of the Prospectus, it had 11 permanent employees deployed across various business functions.

Issue Details / Capital History

The company is coming out with its maiden IPO of 4630000 equity shares of Rs. 10 each at a fixed price of Rs. 67 per share to mobilize Rs. 31.03 cr. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on September 15, 2026 and will close on September 17, 2026. The shares will be listed on BSE SME. The IPO constitute 26.48% of the post-IPO paid-up capital of the company. The company is spending Rs. 3.72 cr. for this IPO process, and from the net proceeds of the issue, the company will utilize Rs. 3.79 cr. for capex towards setting up of distillation plant, Rs. 15.23 cr. for capex for expansion and development of farms, Rs. 3.63 cr. for repayment/prepayment of certain outstanding, and Rs. 4.65 cr. for general corporate purposes.

The IPO is solely lead managed by Sobhagya Capital Options Pvt. Ltd., while MUFG Intime India Pvt. Ltd. is the registrar to the issue. Allwin Securities Ltd., is a market maker. The issue is underwritten to the tune of 15% by Sobhagya Capital, and 85% by Navigant Corporate Advisors Ltd.

After issuing/converting initial equity capital at par value, the company issued further equity shares in the price range of Rs. 20.00 – Rs. 210.58 per share between September 2019, and March 2023. It has also issued bonus shares in the ratio of 1 for 3 in November 2019, and 2 for 1 in December 2023. The average cost of acquisition of shares by the promoters is Rs. NIL, Rs. 2.30, and Rs. 11.00 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 12.86 cr. (12857259 equity shares) will stand enhanced to Rs. 17.49 cr. (17487259 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 117.16 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 15.56 cr. / Rs. 5.37 cr. (FY24), Rs. 16.49 cr. / Rs. 6.63 cr. (FY25), Rs. 40.35 cr. / Rs. 8.38 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Rising trade receivables raise alarms.

For the last three fiscals, the company has reported an average EPS of Rs. 6.02 and an average RoNW of 25.68%. The issue is priced at a P/BV of 2.53 based on its NAV of Rs. 26.43 per share as of March 31, 2026 , and at a P/BV of 1.80 based on its post-IPO NAV of Rs. 37.17 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 13.99, and based on FY25 earnings, the P/E stands at 17.68. The issue appears fully priced based on its recent average earnings.

The company has posted PAT Margins of 34.55% (FY24), 40.200% (FY25), 20.78% (FY26) and RoCE margins of 23.66%, 21.44%, 25.62%, respectively for referred periods. Such outperforming margins compared to its listed peers is a big surprise. It is very small against the top lines of peers.

Dividend Policy

The company has not paid any dividends since 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 Oriental Aromatics, S H Kelkar, as its listed peers. They are currently trading at a P/E of 337, and 41.4 (as of September 11, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 10th mandate from Sobhagya Capital, in the last two fiscals (including the ongoing one). Out of the last 9 listings, 6 opened at discount, and the rest listed with a premium of 2.09% to 48.06% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

QAL is engaged in cultivation, processing and supply of medicinal and aromatic plants in India. Lemongrass is its primary crop with a principal commercial product. The company posted growth in its top and bottom lines for the reported periods. Based on its recent average financial data, the issue appears fully priced. Merchant banker has an average track record. There is no harm in skipping this dicey IPO.

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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