IPO REVIEW

Manilam Industries IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 17 February 2026

- The company is engaged in manufacturing and marketing of decorative laminates, and trading in plywood.
- The company posted inconsistency in its top and bottom lines for the reported periods.
- Boosted margins from FY24 onwards raise eyebrows and concern over its sustainability as it operates in highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park funds for medium to long term.

About the Company

Manilam Industries India Ltd. (MIIL) is engaged in the manufacturing and sale of decorative laminates, with a product range that includes laminates in various thicknesses ranging from 0.7 mm to 1 mm. The Company has manufactured and launched several laminates product collections, including the Artistica Collection, the Vogue Collection, the Dwar Collection and the Magnificent Collection.

Apart from the above and in line with market demand and distributor feedback, additional collections including Chromatic Tales, Flute, ECP, Wood & Veneer, and Wall Cladding have also been introduced. These collections cater to both residential and commercial applications, offering a range of designs and finishes. In addition to laminates, the Company is involved in the trading of plywood, available in different grades and sizes, primarily serving industrial and commercial sectors. Today, it offers over 1,000 design options and 100 textures across its product categories.

Company’s manufacturing plant is situated at Village: Manda, Bhojipura Nainital Road, Bareilly, UP, India, 243202 under the area of 20,650 Sq. Mtrs. As of the date of this Red Herring Prospectus, the Company markets its products under the brand name “Manilam” through a network of distributors and dealers. Additionally, the Company, has established Service Depot in Bangalore to facilitate easier access to its products. As of September 30, 2025, it had 67 distributors and 358 dealers. As of the date of this offer document, it had 152 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 5790000 equity shares of Rs. 10 each to mobilize Rs. 39.95 cr. at the upper cap. The IPO consists of 4698000 fresh equity shares (worth Rs. 32.42 cr. at the upper cap), and an Offer for Sale (OFS) of 1092000 equity shares (worth Rs. 7.53 cr. at the upper cap). The company has announced a price band of Rs. 65 - Rs. 69 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 February 20, 2026 and will close on February 24, 2026. The IPO constitute 26.5% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 16.65 cr. for working capital, Rs. 3.50 cr. for repayment/prepayment of certain loans, Rs. 3.45 cr. for capex on purchase of equipments/machineries and installation of solar panel for its manufacturing plant, and the rest for general corporate purposes. While the actual dilution is for 26.5%, the offer document shows 25.5%, this appears to be typo error. The offer document is also missing info on its IPO price band announcement plans in media.

The IPO is solely lead managed by Nexgen Financial Solutions Pvt. Ltd., and MAS Services Ltd. is the registrar to the issue. Nikunj Stock Brokers Ltd. is the market maker.

The company has issued initial equity capital at par value. It issued further equity shares in the price range of Rs. 120.48 to Rs. 400.00 per share between March 2019, and June 2025. It has also issue bonus shares in the ration of 6 for 1 in July 2025. The average cost of acquisition of shares by the promoters /selling stakeholders is Rs. 1.43, Rs. 9.84, and Rs. 19.78 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 17.15 cr. will stand enhanced to Rs. 21.85 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 150.75 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted total income/ net profit, of Rs. 148.82 cr. / Rs. 1.59 cr. (FY23), Rs. 138.04 cr. / Rs. 3.14 cr. (FY24), Rs. 142.16 cr. / Rs. 7.47 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it posted a net profit of Rs. 3.21 cr. on a total income of Rs. 60.65 cr. The company marked inconsistency in its top and bottom lines. Surged profits on lower top line from FY24 onwards raise eyebrows.

For the last three fiscals, the company has reported an average EPS of Rs. 3.14, and an average RoNW of 17.80%. The issue is priced at a P/BV of 2.75 based on its NAV of Rs. 25.12 per share as of September 30, 2025, but its post-IPO NAV data is missing from 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 23.47, and based on FY25 earnings, the P/E stands at 20.18. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 1.08% (FY23), 2.28% (FY24), 5.33% (FY25), 5.33% (H1-FY26), and RoCE margins of 15.84%, 25.03%, 36.68%, 13.50%, for the referred periods, respectively.

Dividend Policy

The company has not paid any dividends since incorporation. It has adopted a dividend policy in July 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Archidply Ind., Rushil Decor, as its listed peers. They are currently trading at a P/E of 30.1, and 62.7 (as of February 17, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 4th mandate from Nexgen Financial in the ongoing fiscal. From the last 2 listings, all opened with premium ranging from 27.48% to 28.38% on the date of listing.

Conclusion / Investment Strategy

MIIL is engaged in manufacturing and marketing of decorative laminates, and trading in plywood. The company posted inconsistency in its top and bottom lines for the reported periods. Boosted margins from FY24 onwards raise eyebrows and concern over its sustainability as it operates in highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Well-informed/cash surplus investors may park funds for medium to 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.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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