IPO REVIEW

Sumax Engineering IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 23 August 2026

- The company is engaged in the manufacturing and trading of diverse range of tailored products for automotive industry.
- The company has introduced PPF that is revolutionizing the paint protection solutions for automobiles.
- It posted growth in its top and bottom lines for the reported periods.
- Margins posted for FY26 raise eyebrows and concern over its sustainability going forward.
- Based on its recent average earnings, the issue appears fully priced.
- Well-informed investors may park moderate funds for long term.

About the Company

Sumax Engineering Ltd. (SEL) is engaged in both the manufacturing and trading of a diverse range of products tailored for the Automotive OEM (Original Equipment Manufacturer) Market and Auto Refinish Market. Its manufacturing division specializes in producing high-quality adhesive tapes and die-cuts, rubbing and polishing compounds, buffing pads, reflective tapes and printing solutions, domes and graphics, as well as an extensive range of car care products. These offerings are designed to meet industry standards and provide reliable solutions for automotive applications.

In addition to manufacturing, its trading segment supplies a variety of essential products, including electrical and pneumatic tools, abrasive sheets, discs, and rolls, body shop consumables, retail products and accessories, and aerosol products. Through its all-inclusive portfolio, the company aims to deliver innovative and high-performance solutions that cater to the evolving demands of both automotive manufacturers and the aftermarket industry. Further, it has ventured into a new product, namely Paint Protection Film (PPF), a transparent thermoplastic polyurethane film applied to the painted surfaces of vehicles. PPF is designed to protect the vehicle’s paint from stone chips, scratches, stains, minor abrasions and exposure to environmental elements, thereby helping maintain the vehicle’s exterior paint protection and surface finish.

SEL’s products adhere to both national and international quality standards and are widely used in the automotive industry and commercial applications. It offers customization options to meet the diverse requirements of clients. Its manufacturing processes comply with ISO 9001:2015 and IATF 16949:2016 certifications, ensuring the highest quality, safety, and environmental standards. By utilizing premium-grade raw materials, the company maintains consistency and reliability in products. Each product undergoes a rigorous quality control and testing process before reaching the market, guaranteeing superior performance and compliance with industry standards.

With a wealth of technical expertise and over 30 years of experience, promoter plays a pivotal role in overseeing overall management, day-to-day affairs, and strategic decision-making. It has a dedicated team of professionals, who constantly observe the market needs and trends. Its dedicated R&D (Research and Development) team has been able to revolutionize the market and are committed to provide highly reliable, robust and Versatile Products and prominent services. The Company maintains robust infrastructure equipped with the latest precision tools and a well-equipped testing laboratory featuring advanced testing facilities. As of March 31, 2026, it had 121 employees on its payroll and additional 198 contractual employees in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 5287200 equity shares of Rs. 10 each to mobilize Rs 53.40 cr. at the upper cap. The IPO consists of 4291200 fresh equity shares (worth Rs. 43.34 cr. at the upper cap), and an Offer for Sale (OFS) of 996000 equity shares (worth Rs. 10.06 cr. at the upper cap). The company has announced a price band of Rs. 95 - Rs. 101 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The IPO opens for subscription on August 25, 2026, and will close on August 28, 2026. The IPO constitute 27.79% 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 fresh equity issue, it will utilize Rs. 12.00 cr. for working capital, Rs. 4.89 cr. capex for construction of manufacturing unit I, Rs. 16.62 cr. for capex on manufacturing unit II, and the rest for general corporate purposes.

The company has reserved 192000 equity shares (worth Rs. 1.94 cr. at the upper cap) for its eligible employees, and from the rest it has allocated 2409600 equity shares for QIBs, 727200 equity shares for HNIs, and 1692000 equity shares for Retail investors.

The IPO is solely lead managed by GYR Capital Advisors Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker. GYR Capital Advisors is a syndicate member, and Intellect Stock Broking Ltd. is a sub-syndicate member.

After issuing entire initial equity capital at par value (based on Rs. 10 FV), the company issued bonus shares in the ratio of 14 for 1 in August 2018, and 6 for 1 in March 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.10, and Rs. 9.30 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 14.73 cr. (14731500 equity shares) will stand enhanced to Rs. 19.02 cr. (19022700 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 192.13 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 131.54 cr. / Rs. 7.43 cr. (FY24), Rs. 147.18 cr. / Rs. 9.98 cr. (FY25), and Rs. 148.34 cr. / Rs. 12.76 cr. (FY26). It marked growth in its top and bottom lines for the reported periods.

However, the PAT margins for FY26 raise eyebrows and concern over its sustainability going forward as it is operating in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 7.43, and an average RoNW of 20.36%. The issue is priced at a P/BV of 2.41 based on its NAV of Rs. 41.83 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

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 15.05, and based on FY25 earnings, the P/E stands at 19.24. The issue appears fully priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 5.68% (FY24), 6.83% (FY25), 8.64% (FY26), and RoCE margins of 23.34%, 24.64%, 23.86%, respectively, for referred periods.

Dividend Policy

The company has not paid any dividend 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 no listed peers to compare with.

Merchant Banker's Track Record

This is 63rd mandate from GYR Capital in the last six fiscals (including the ongoing one). Out of last 11 listings, 1 opened at par, and the rest with premium ranging from 4.92% to 90.00% on the listing date.

Conclusion / Investment Strategy

SEL is engaged in the manufacturing and trading of diverse range of tailored products for automotive industry. The company has introduced PPF that is revolutionizing the paint protection solutions for automobiles. It posted growth in its top and bottom lines for the reported periods. Margins posted for FY26 raise eyebrows and concern over its sustainability going forward. Based on its recent average earnings, the issue appears fully priced. Well-informed investors 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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