



Issue Opens - December 19, 2024 to December 23, 2024

Price Band
₹230 to ₹243

Face Value
₹10

Issue Size
₹179.39 Cr

Lot Size
61 Shares

Issue Type
Book Built

Issue Size

73,82,340 shares / ₹179.39 Cr

Fresh Issue

N/A

Offer for Sale

73,82,340 shares / ₹179.39 Cr

Basis of Allotment

Tuesday, December 24, 2024

Initiation of Refunds

Thursday, December 26, 2024

Credit of Shares to Demat

Thursday, December 26, 2024

Mamata Machinery Listing Day

Friday, December 27, 2024

Objects of The Offer



1. Execute the sale of up to 7,382,340 equity shares by the selling shareholders and reap the advantages of listing these shares on the stock exchanges.

Brief profile of the Directors

Mahendra Patel is the Chairman and Managing Director of the company, with over 40 years of experience in the engineering industry. He holds a diploma in mechanical engineering and a Master of Science in industrial engineering from Cranfield Institute of Technology. He is responsible for the overall management and strategic growth of the company.

Chandrakant Patel, the Joint Managing Director, has been with the company since 1990 and has over 30 years of experience. He holds a Bachelor of Engineering degree and oversees sales, services, and marketing.

Neha Nowlakha is an Independent Director, joining in 2024. She has over 20 years of experience in the finance industry and holds a Master's degree in international business from Aston Business School.

Subba Bangera, an Independent Director since 2024, has over 20 years of experience in the engineering industry. He holds a Bachelor of Science degree and completed an executive program in production management.

Munjal Patel, also an Independent Director from 2024, has over 20 years of experience in the pharmaceuticals industry. He holds an MBA from California State University.

Ruchita Patel is an Independent Director, with over 8 years of experience in secretarial compliance and law. She holds a law degree and is a qualified company secretary.



About The Company

Mamata Machinery Limited, established in April 1979, specializes in the manufacturing and export of machines for producing plastic bags, pouches, packaging, and extrusion equipment. It offers comprehensive manufacturing solutions tailored to the packaging industry, serving sectors such as FMCG, food, and beverages. The company's clientele includes notable firms like Balaji Wafers Private Limited, Dass Polymers Private Limited, Jflexy Packaging Private Limited, Euphoria Packaging Private Limited, Sunrise Packaging, Om Flex India, Chitale Foods, V3 Polyplast Private Limited, Dhalumal Packaging Industries LLC, Laxmi Snacks Private Limited, Ganges Jute Private Limited, Western India Cashew Company Private Limited, N. N. Print & Pack Private Limited, and Gits Food Products Private Limited, as well as Emirates National Factory for Plastic Ind LLC. As of May 31, 2024, Mamata Machinery has exported its products to over 75 countries. It operates international offices in Bradenton, Florida, and Montgomery, Illinois, and has sales agents in more than five countries across Europe, South Africa, and Asia. The company runs two manufacturing facilities, one located in India and the other in the USA.

Key Business Operations

Key Business Operations of Mamata Machinery Ltd.

Mamata Machinery Ltd. is a leading manufacturer and exporter specializing in machinery for the converting and packaging industry. The company has established a robust operational framework that encompasses several key areas:

1. Manufacturing Capabilities

- o Product Range: Mamata Machinery produces a wide variety of packaging machines, including: Horizontal Form Fill Seal (HFFS) Machines: Used for automatic pouching.
- o Vertical Multilane Sachet Packaging Machines: Designed for smaller volume packaging needs.
- o Servo Driven Bag and Pouch Making Machines: Known for high output and efficiency.
- o Customized Co-extrusion Blow Film Plants: Capable of producing multi-layer films.

Production Facilities: The company operates manufacturing plants in India and Florida, USA, allowing it to cater to both domestic and international markets effectively.

1. Side and bottom seal bag makers



Side Seal Bag Maker



Bottom Seal Bag Maker

2. Universal machines



The table below sets out some of our financial and other metrics for the three-month period ended June 30, 2024 and the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	As of three month period ended June 30, 2024*	As of/ For the year ended March 31,		
		2024	2023	2022
Revenue from Operations (₹ million)	276.20	2,366.11	2,008.65	1,922.47
Total Income (₹ million)	291.93	2,413.08	2,101.29	1,965.68
Gross Profit (₹ million) ⁽¹⁾	193.24	1,363.68	1,089.77	1,069.50
Gross Margin (%) ⁽²⁾	69.96	57.63	54.25	55.63
EBITDA (₹ million) ⁽³⁾	(3.15)	471.78	237.44	299.38
EBITDA Margin (%) ⁽⁴⁾	(1.14)	19.94	11.82	15.57
Restated Profit Before Tax (₹ million)	3.23	469.33	285.20	295.37
Less: Exceptional Items	0.00	0.00	-	-
Restated profit before tax and after exceptional items (₹ million)	3.23	469.33	285.20	295.37
Tax Expenses	1.05	108.08	60.16	78.40
Restated profit after tax for the period/ year (₹ million)	2.18	361.25	225.05	216.97
PAT Margin (%) ⁽⁵⁾	0.79	15.27	11.20	11.29
Return on Equity (%) ⁽⁶⁾	0.16	27.76	19.41	23.12
Return on Capital Employed (%) ⁽⁷⁾	(0.78)	31.29	15.71	25.73
Net Block (₹ million) ⁽⁸⁾	633.30	633.79	626.84	612.92
Net Fixed Assets Turnover Ratio (in times) ⁽⁹⁾	0.44	3.73	3.20	3.14
Net Debt	(32.09)	76.30	134.66	183.90
Net Debt to EBITDA (in times) ⁽¹⁰⁾	NA	0.16	0.57	0.61

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the period ended 30th June 2024 (Rs. in Millions)	For the year ended 31st March 2024 (Rs. in Millions)	For the year ended 31st March 2023 (Rs. in Millions)	For the year ended 31st March 2022 (Rs. in Millions)
I Revenue				
Revenue from Operations	276.2	2,366.11	2,008.65	1,922.47
Other Income	15.73	46.97	92.64	43.21
II Total Income (I+II)	291.93	2,413.08	2,101.29	1,965.68
III Expenses				
a) Cost of Raw Material And Components Consumed	290.94	906.22	870.65	924.35
b) Changes in inventories of finished goods and work-in-progress	-207.99	96.21	48.23	-71.39
c) Employee Benefits Expense	92.34	438	399.14	367.82
d) Finance Costs	1.84	15.29	10.61	11.27
e) Depreciation And Amortization Expenses	7.5	34.13	34.26	35.94
f) Other Expenses	104.05	453.9	453.19	402.3
Total Expenses (IV)	288.7	1,943.75	1,816.08	1,670.30
V Profit/(loss) before exceptional items and tax (III-IV)	3.23	469.33	285.2	295.37
VI Exceptional Items				
VII Profit/(loss) before tax (V+VI)	3.23	469.33	285.2	295.37
VIII Tax Expenses				
Current Tax	1.51	93.34	48.76	67.53
Earlier Year Tax adjustment	0.06	3.41		
XII Earnings per Equity Share of Face value Rs. 10/- Each				
(i) Basic (in Rs.)	0.09	14.65	8.41	8.11
(ii) Diluted (in Rs.)	0.09	14.65	8.41	8.11

Strengths



- **Comprehensive Solutions:** The company provides end-to-end packaging solutions, enhancing procurement efficiency and fostering customer loyalty across various industries, including FMCG and food and beverage sectors
- **Global Reach:** With a presence in 75 countries, Mamata Machinery has access to diverse markets, which broadens its customer base and mitigates regional risks
- **Innovation and Quality:** The company emphasizes innovation, supported by a dedicated team and patented technologies. Its ISO certification and specialized workforce ensure high-quality products, bolstering its reputation in the industry
- **Strategic Manufacturing Locations:** Having manufacturing facilities in both India and the USA allows for cost-effective production and quick response to market demands, enhancing operational efficiency
- **Strong Financial Performance:** The company has demonstrated robust financial growth, with a CAGR of 10.94% in revenue from FY 2022 to FY 2024 and a significant increase in profit after tax (PAT) by 66.51% during the same period

Threats

- **Customer Concentration:** The company relies heavily on its top 10 customers, which account for approximately 29.19% of its revenue. This dependence poses a risk to financial stability if any major client reduces orders or terminates contracts.
- **Currency Fluctuations:** Exposure to foreign currency fluctuations without adequate hedging strategies could adversely affect profitability, particularly given its international operations
- **Raw Material Price Volatility:** Fluctuating prices of raw materials, which constitute about 48.18% of revenue, can squeeze margins if the company is unable to pass these costs onto customers
- **Management Dependency:** The future performance of Mamata Machinery is significantly tied to key management personnel. Loss of skilled management or failure to attract new talent could adversely impact operations.

Valuation and Outlook



Mamata Machinery Limited IPO is expected to be priced between ₹230 to ₹243 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 16.58x whereas the industry average is 43.90x

Name of the company	Standalone/ Consolidated	Face value per equity share (₹)	Total income (in ₹ million)	EPS (Diluted) (₹)	NAV (₹ per share) (₹/₹)	P/E (x)	RoNW (%)
Mamata Machinery Limited	Consolidated	10	2,413.08	14.65	53.59	[-]	27.39
Listed peers(1)							
Rajoo Engineers Limited	Consolidated	1	2,812.86	3.41	20.59	57.1	16.59
Windsor Machines Limited	Consolidated	2	3,569.18	-1.19	41.07	Negative	-2.89
Kabra Extrusion Technik Limited	Consolidated	5	6,146.55	9.67	134.5	30.6	7.48

Based on FY24 earnings, the issue seems reasonably priced, making it suitable for medium- to long-term investment. Revenue Growth: In FY24, Mamata Machinery reported revenue of ₹237 crores, with 60% coming from bag and pouch-making machines. The company has shown steady growth, with a CAGR of 10.86%, increasing revenue from ₹196.57 crores in FY22 to ₹241.31 crores in FY24. Profitability: The company operates with strong margins:

- Gross Margin: 58%
- EBITDA Margin: 21%
- Net Margin: 15%

In FY24, Profit After Tax (PAT) grew by 66.51% year-on-year, reaching ₹36 crores, with Earnings Per Share (EPS) of ₹14.7.

Mamata Machinery holds a strong position in the niche market of plastic bag and pouch-making machines and packaging equipment. It has a global presence, with a manufacturing facility in the U.S. for nearby markets. The company has shown steady growth in revenue and profit from FY22 to FY24. This is considered attractive given its high margins, return on equity (RoE) of 27%, and debt-free balance sheet. Management remains confident in maintaining growth trends.

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