

MAMATA MACHINERY LTD

19-12-2024 - 23-12-2024

Industry: Packaging Industry

Price Band: ₹230 - 243

Recommendation: Subscribe for long term

Post Implied Market Cap: - ₹566 - ₹598Cr

Key Data

Issue Size (₹ Cr)	179
Fresh (₹)	0
OFS (₹)	179
No. of shares offered	-
Face Value (₹ /share)	10
Bid Lot	68

About the Company

Mamata machinery ltd (Mamata), a leading player in the packaging machinery industry. The company specializes in manufacturing automated packaging equipment and solutions for various sectors, including food, beverage, pharmaceuticals and personal care. With over three decades of experience, Mamata has established itself as a prominent brand, offering cutting-edge technology to its global clientele.

Investment Rationales

- Among the leading exporter of machinery and equipment for bag and pouch making machinery, packaging machinery and co-extrusion blown film machinery and attachment:** Mamata is a dominant exporter of high-precision and automated machinery to international markets. Their products have established a strong presence in key export markets like the USA, Europe, Latin America, and the Middle East, where demand for advanced and automated packaging machinery is high. Essential for industries like FMCG, retail and e-commerce, where flexible and sustainable packaging is in demand. Automation solutions that help industries optimize operations, reduce labour costs, and enhance output. Equipment that supports the production of high-quality multi-layer films, commonly used for food and industrial packaging. Their machinery meets global benchmarks, ensuring high quality, durability and performance.
- Advanced manufacturing infrastructure and material knowledge to customize systems and products based on customer specifications:** Company operates advanced production facilities equipped with modern technology, allowing precision manufacturing and high efficiency. This enables the company to handle diverse and complex requirements from clients across industries like food packaging, pharmaceuticals and FMCG. A deep understanding of materials used in packaging (such as polymers, laminates, and biodegradable options) allows Mamata to design systems compatible with various materials. This is critical as clients increasingly demand sustainable packaging solutions. As industries transition to eco-friendly materials, Mamata's expertise positions it to innovate and adapt its machinery for emerging packaging trends like recyclable or compostable materials. The company's focus on customization enables it to address unique challenges, providing a competitive edge in domestic and international markets.
- Technology-driven operations with a strong focus on quality, innovation-led research and development, leading to products that cater to dynamic market requirements:** Mamata leverages state-of-the-art manufacturing systems that enhance operational efficiency, reduce production errors and ensure precision in their machines. Their systems incorporate energy-efficient and intelligent technologies, meeting the growing demand for automation in packaging processes globally. Through the use of advanced tools and tech, Mamata can develop tailored solutions to meet the specific needs of clients in diverse sectors. The packaging industry is dynamic, with shifts toward sustainable and efficient packaging solutions. Continuous investment in R&D has led to innovative machinery, such as high-speed bag and pouch-making machines and blown film extrusion systems. By integrating cutting-edge technologies like IoT-enabled systems and energy-efficient components, Mamata's products are positioned to outperform competitors in terms of productivity, cost-efficiency, and adaptability.
- Customer-centric operations, with an extensive global sales and distribution network:** The company's ability to serve diverse markets efficiently, ensuring consistent business growth. The company provides a complete customer experience, including pre-sale consultations, installation, training and after-sales service. This builds long-term relationships and encourages repeat business. Mamata ensures its machinery meets evolving market demands, particularly for sustainable, high-speed, and cost-efficient solutions, which resonate with customer expectations in domestic and international markets. Local sales and service teams provide immediate assistance, minimizing downtime for clients. Reach customers in diverse industries and geographies. Navigate challenges like supply chain disruptions more efficiently.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	24-12-2024
Refunds/Unblocking ASBA Fund	26-12-2024
Credit of equity shares to DP A/c	26-12-2024
Trading commences	27-12-2024

Shareholding (No. of shares)

Pre-Issue	24,608,000
Post Issue (Lower price band)	24,608,000
Post Issue (Higher price band)	24,608,000

Shareholding Pattern

Promoter:	
Pre Issue	92.00%
Post Issue	68.00%
Public - Investor Selling S/h:	
Pre Issue	8.00%
Post Issue	32.00%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Risk

- Significant increase or fluctuation in prices or supply of primary materials
- Customer concentration.

MView

We believe Mamata Machinery Ltd IPO brings investor to invest in a player in the packaging machinery industry, known for its precision and automated solutions. We think company's strong global presence in markets such as the USA, Europe, Latin America and the Middle East. Mamata caters to high-demand sectors including FMCG, food, pharmaceuticals and e-commerce. Its focus on innovation and sustainable packaging machinery positions it to benefit from the rising demand for recyclable and biodegradable materials, aligning with global sustainability goals. We also believe state-of-the-art manufacturing facilities and robust R&D capabilities ensure operational efficiency, precision and adherence to international quality standards, which is crucial for regulated markets. The integration of IoT-enabled systems and energy-efficient technologies further enhances its ability to deliver cost-effective, high-performing solutions. By looking at the financials, the company has shown stable growth, with revenue increasing by 17.8% in FY 2024 and net profit surging 60.5%, reflecting strong operational performance despite muted growth in FY 2023. Management remains optimistic about maintaining healthy EBITDA margins, supported by a historical pattern of stronger performance in the second half of the fiscal year. On valuation parse at the upper price band of ₹ 243/-, the issue is asking for Market cap of ₹598 cr. Based on annualized FY2025 earnings and fully diluted post-IPO paid-up capital, the company is asking for PE of 14.65x which looks reasonable considering the long term outlook. Investors should also look at IPO offers which come with 100% OFS i.e ₹ 179.39/- cr issue which is an area of concern for new investors. As industries increasingly shift toward automation and flexible packaging solutions, Mamata's strong customer relationships, extensive global distribution network and emphasis on after-sales services enable repeat business and foster brand trust, we believe well-positioned to capitalize on this growth. Hence, looking at all attributes we recommend investors to "SUBSCRIBE" Mamata Machinery Ltd IPO for long term perspective.

Other Details

BRLMs: Nuvama Wealth Management.

Registrar: Link Intime India Pvt Ltd.

Listing: BSE & NSE

Research Analyst

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CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept'30	As at March' 31		
	2024 (03)	2024 (12)	2023 (12)	2022 (12)
Equity Share Capital	24.61	2.73	2.97	2.97
Net Worth	1,324.06	1,273.98	1,140.13	987.39
Total Borrowings	4.34	11.59	18.63	20.86
Revenue from Operations	27.62	236.61	200.86	192.24
EBITDA	-0.31	47.17	23.74	29.93
Net Profit for the Year	0.218	36.12	22.50	21.69
EPS	0.35	1.46	0.84	0.81
RONW (%)	0.16%	27.39%	17.67%	20.95%
NAV (₹) as stated	5.39	5.35	4.76	3.87
ROE (%)	0.16%	27.76%	19.41%	23.12%
ROCE (%)	-0.78%	31.29%	15.71%	25.73%

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Standalone/ Consolidated	Net Profit (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
Mamata Machinery Limited	Consolidated	36.12	598	10	0.35	53.59	3.45	14.65	27.39%
Rajoo Engineers Limited	Consolidated	20.00	4,330	1	0.34	20.59	31.00	177.0	16.59%
Windoor Machines Limited	Consolidated	-8.00	2,586	2	-	41.07	10.70	-	-2.89%
Kabra Extrusion Technik Limited	Consolidated	32.00	1,751	5	0.98	134.50	3.84	50.0	7.48%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 18-12-2024

MAMATA MACHINERY LTD, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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