

Rating: Neutral

Issue Offer

No Fresh Issue offered, OFS of 73,82,340 shares up to INR 1793.9 Mn by Promoters group taking the total issue size of 73,82,340 shares at INR 1793.9 Mn.

Issue Summary

Price Band INR	230-243
Face Value INR	10
Implied Market Cap INR Mn.	5,980
Market Lot	61
Issue Opens on	Dec 19, 2024
Issue Close on	Dec 23, 2024
No. of share pre-issue	2,46,07,800
No. of share post issue	2,46,07,800
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Link Intime India Private Ltd

Book Running Lead Managers

Beeline Capital Advisors Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	92.45%	62.45%
Public & Others	7.5%	37.55%

Objects of the issue

- The Company will not receive any proceeds from the Offer (the "Offer Proceeds") and all the Offer Proceeds will be received by the Selling Shareholders post deduction of Offer-related expenses to be borne by the Selling Shareholders..

Incorporated in 1989, Mamata Machinery Ltd. provide end-to-end manufacturing solutions for the packaging industry and exports plastic bags and pouch making machines, packaging machines and extrusion equipment. Company primarily sell packaging machinery to direct consumer brands catering to the FMCG, Food, & Beverage Industry and bag and pouch making machines to convertors and service providers. Customers include Balaji Wafers Private Limited, Dass Polymers Private Limited, Jflexy Packaging Private Limited, etc. It supply machinery and equipment through a global sales network, in addition to sales and corporate office, company have two international offices located in Bradenton, Florida, USA and Montgomery, Illinois, USA, as well as sales agents in over 5 countries across continents, including regions such as Europe, South Africa and Asia. Company has developed in-house capabilities to deliver evolving technologies and continue to invest in design and development. It accounts to dedicated team of 87 engineers and application experts adept in electronic, mechanical, software and design applications and received four patents, into design and packaging.

Investment Rationale:

Global Leader in Flexible Packaging Machinery and Solutions: The company is a leading global exporter of machinery for bag and pouch-making, packaging, and co-extrusion blown film applications, with over three decades of experience and more than 4,500 installations worldwide. Its product portfolio includes polymer processing equipment, film-converting machinery, and HFFS, PFS, and VFFS multilayer sachet machines, tailored for diverse needs. It offers solutions such as mono-layer, 3-layer, and 5/7-layer barrier film lines with widths ranging from 900–3,125 mm, alongside specialized machines for side/bottom seals, universal, wicketer, stand-up zipper/spout, and more. Sold under the brands "Vega" and "Win", popular models include Vega 610-Plus and Win 1100-B, among others. The company provides end-to-end manufacturing solutions for the plastic film-based flexible packaging industry, supporting clients from design to lifecycle maintenance.

Advanced Manufacturing Facilities and Industry Recognition: The company operates a state-of-the-art manufacturing facility spanning 20,662 sqm in Sanand, Ahmedabad, with a built-up area of 9,235 sqm, and an additional facility in Bradenton, Florida, USA. These facilities house design and development centers, testing infrastructure, and customer demonstration units, with the Sanand unit certified under ISO 9001:2015 for maintaining international quality standards in manufacturing plastic bag, pouch, and packaging machines. Leveraging advanced technologies and digital manufacturing across its operations, the company focuses on automation, waste reduction, and productivity enhancements to deliver high-quality machines known for exceptional accuracy and durability. Its consistent quality and innovation have earned it industry recognition.

Technology-Driven Innovation and Product Development: The company operates with a strong focus on technology-driven operations, emphasizing quality, innovation, and research and development to meet dynamic market needs. With in-house capabilities for electronics design, software development, and machine testing, the company has developed Industry 4.0 certified machines known for advancements in machine learning. The company's electronic systems are designed and validated in an in-house lab, while the software for machine control is developed internally. With 87 engineers and application experts, it ensures continuous innovation, resulting in patented technologies, including the flat-bottom pouch-making machine and cross-sealing device for plastic bags and pouches. The company has also applied for two patents related to multi-purpose sealing modules and has pioneered technology for using recyclable plastic films in its machinery, giving it a technological edge in compliance with waste management rules.

Valuation and View:

The company plans to expand its international market presence by increasing exports to regions such as Europe, Africa, and the Middle East, and to its current focus on the USA. With a growing global footprint and a diversified customer base, it aims to strengthen existing relationships and attract new clients by offering quality products at competitive prices. While the company benefits from a diversified customer base and is committed to improving operational efficiency, it faces certain risks. A significant reliance on third-party suppliers (92.86% of parts sourced externally) exposes it to potential supply chain risk. It holds only a 3% share in the export market, facing intense competition, and is heavily reliant on export revenue (70.42%) making it susceptible to foreign exchange fluctuations and geopolitical risks. **At the upper band of INR 243, the issue is valued at an EV/EBITDA of 12.88x based on FY24 EBITDA and P/E ratio of 16.55x, based on a FY24 EPS of INR 14.7. We are recommending a "Neutral" rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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