



# Mukka

PROTEINS LIMITED



Sector: Food - Processing - Indian

Issue Opens - February 27, 2024 to February 29, 2024

**Price Band**  
₹26 to ₹28

**Face Value**  
₹1

**Lot Size**  
535 Shares

**Issue Size**  
₹224.00 Cr

**Issue Type**  
Book Built

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# Important Events



Issue Size

80,000,000 shares/ ₹224.00 Cr

Fresh Issue

80,000,000 shares/ ₹224.00 Cr

Offer for Sale

N/A

Basis of Allotment

Tuesday, March 5, 2024

Initiation of Refunds

Wednesday, March 6, 2024

Credit of Shares to Demat

Wednesday, March 6, 2024

Mukka Proteins Listing Date

Thursday, March 7, 2024

## Promoters

- **Karkala Shankar Balachandra Rao ( Chairman and Non- Executive Independent Director)**
- **Kalandan Mohammed Haris (Managing Director and Chief Executive Officer)**
- **Kalandan Mohammed Althaf ( Whole-Time Director and Chief Financial Officer)**
- **Kalandan Mohammad Arif ( Whole-Time Director and Chief Operating Officer)**

Promoters collectively hold 100% (Pre Issue) of the Equity Share.

# About The Company.



Mukka Proteins Limited is a big name in India's animal protein scene. They focus on making fish meal, fish oil, and fish soluble paste. Plus, they're working on new protein sources like Black Soldier Fly (BSF) insect meal to keep up with the aquaculture industry's needs.

With over 50 years of experience, Mukka Proteins is a trusted exporter of fish meal and fish oil products. They serve customers in India and abroad. Their dedication to quality and sustainability means they provide dependable options for animal feed.

## Description of Their Business

As a producer of Fish Protein products, they make and supply fish meal, fish oil, and fish soluble paste. These are key ingredients used in making fish and shrimp feed, poultry feed for broiler and layer chickens, and pet food for dogs and cats. Additionally, fish oil is used in pharmaceuticals and health supplements like Omega-3 pills. It's also used in soap making, leather tanning, and paint industries.








They sell their products within the country and export them to more than 10 countries, including Bahrain, Bangladesh, Chile, Indonesia, Malaysia, Myanmar, the Philippines, China, Saudi Arabia, South Korea, Oman, Taiwan, and Vietnam.

They get their raw materials, fish meal, fish oil, and fish soluble paste, from partnership firms like Ullal Fish Meal and Oil Company, Mangalore Fish Meal and Oil Company, Progress Frozen and Fish Sterilization, and Pacific Marine Products. They've invested significantly in these partnership facilities. They also source from third-party manufacturers.

Their blending facilities process and mix the raw materials to meet customer demand.

## Product Range:



Feed stock	Animal Protein (our products)	End use of our products		
		Aquafeed	Poultry Feed	Pet Food
Pelagic Fish and Fish remain 	<b>Fish Protein</b> (fish meal, fish oil and fish soluble paste)   	✓	✓	✓
Larvae of Black Soldier Fly 	<b>Insect Protein</b> (insect meal and insect oil)  	✓	✓	✓

## Objects of The Offer

The company proposes to utilise the Net Proceeds towards funding the following objects:

1. Funding working capital requirements of the Company;
2. Investment in the Associate, viz. Ento Proteins Private Limited, for funding its working capital requirements; and
3. General Corporate Purposes.

# Track Record Of Financial Performance



## Product Wise Revenue

(₹ in million except share data)

Name of Products	As on September 30, 2023	As % of Revenue from Operations	As on March 31, 2023	As % of Revenue from Operations	As on March 31, 2022	As % of Revenue from Operations	As on March 31, 2021	As % of Revenue from Operations
Fish meal	5,221.79	86.16%	9,620.72	81.73%	7,120.81	92.42%	5,468.30	90.56%
Fish oil	536.63	8.85%	1,653.21	14.04%	325.50	4.22%	370.58	6.14%
Fish soluble paste	136.46	2.25%	269.13	2.29%	211.06	2.74%	77.79	1.29%
<b>Total (A)</b>	<b>5,894.88</b>	<b>97.26%</b>	<b>11,543.06</b>	<b>98.06%</b>	<b>7657.37</b>	<b>99.38%</b>	<b>5,916.67</b>	<b>97.99%</b>
Insect meal*	10.06	NA**	27.90	NA**	7.52	NA**	-	-
Insect oil*	6.81	NA**	18.88	NA**	5.10	NA**	-	-
<b>Total (B)</b>	<b>16.87</b>	<b>0</b>	<b>46.77</b>	<b>0</b>	<b>12.61</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Insect meal and insect oil is presently used for captive consumption by our Company

\*\*Sales as per the standalone financials of EPPL

## Geography wise revenue

(₹ in million)

Name of Products	As on September 30, 2023	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
Within India revenue	1,901.21	4,865.00	5693.24	2638.66
Outside India revenue	3,993.66	6,678.06	1964.13	3278.00
<b>Total revenue from sale of products (A +B)</b>	<b>5,894.88</b>	<b>11,543.06</b>	<b>7,657.37</b>	<b>5,916.67</b>
Others	10.51	20.57	4.05	(11.59)
Export Benefits	155.36	207.21	43.27	130.17
Discount received	-	-	0.05	0.38
Deferred Income (Subsidy on Machinery)	0.19	0.38	0.30	0.30
Other operating income	-	-	-	2.42
<b>Revenue from operations</b>	<b>6,060.94</b>	<b>11,771.22</b>	<b>7,705.03</b>	<b>6,038.34</b>

# Statement of Profit and Loss

(in ₹ lakhs, except percentages and ratios)

Particulars	Note No.	Half year ended 30th September 2023	Year ended 31st March, 2023 Restated	Year ended 31st March, 2022 Restated	Year ended 31st March, 2021 Restated
<b>REVENUE</b>					
Revenue from Operations	21	6,060.94	11,771.22	7,705.03	6,038.34
Other Income	22	67.87	66.82	56.43	61.18
<b>Total Revenue</b>		<b>6,128.81</b>	<b>11,838.04</b>	<b>7,761.45</b>	<b>6,099.52</b>
<b>EXPENSES</b>					
Cost of Materials Consumed	23	4,872.81	10,136.17	6,497.32	5,483.09
Changes in Inventories of Finished Goods	24	7.33	-648.50	-150.12	-345.64
Employees Benefit Expenses	25	136.85	246.59	193.57	149.67
Finance Costs	26	123.25	164.77	96.80	80.21
Depreciation & Amortization Expenses	27	60.80	118.92	85.79	83.43
Other Expenses	28	497.85	1,175.26	688.41	532.43
<b>Total Expenses</b>		<b>5,698.90</b>	<b>11,193.22</b>	<b>7,411.77</b>	<b>5,983.17</b>
<b>Restated profit before share of net profits from investments accounted for using equity method and tax</b>		<b>429.91</b>	<b>644.83</b>	<b>349.68</b>	<b>116.34</b>
Share of Net Profit / (loss) of Associates and Joint Ventures (Refer Note 43)		-0.90	14.60	10.12	38.21
<b>Restated Profit Before Tax</b>		<b>429.01</b>	<b>659.43</b>	<b>359.80</b>	<b>154.56</b>
<b>Tax Expenses :</b>					
Current Tax		111.76	177.58	90.84	27.69
Earlier years		3.23	0.13	5.76	12.70
Deferred Tax		-15.78	6.47	5.01	4.06
<b>Restated Profit for the period/year</b>		<b>329.81</b>	<b>475.25</b>	<b>258.19</b>	<b>110.10</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of the net defined benefit plans		-3.11	-0.68	-3.97	7.15
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operations		-0.59	-3.24	-8.13	4.48
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operations		-0.59	-3.24	-8.13	4.48
<b>Restated Total other comprehensive income</b>		<b>-3.70</b>	<b>-3.92</b>	<b>-12.10</b>	<b>11.63</b>
<b>Restated Total comprehensive income for the period / year</b>		<b>326.10</b>	<b>471.33</b>	<b>246.10</b>	<b>121.73</b>
<b>Restated Profit for the year attributable to:</b>					
Shareholders of the Company		323.36	440.75	242.08	89.76
Non-controlling interests		6.45	34.50	16.11	20.34
<b>Restated Other comprehensive income for the year attributable to:</b>					
Shareholders of the Company		-3.48	-2.72	-9.09	9.97
Non-controlling interests		-0.22	-1.20	-3.01	1.66
<b>Restated Earnings per Equity Share : Basic</b>	31	<b>1.47</b>	<b>2.00</b>	<b>1.10</b>	<b>0.41</b>
<b>Restated Earnings per Equity Share : Diluted</b>		<b>1.47</b>	<b>2.00</b>	<b>1.10</b>	<b>0.41</b>



# Strengths

- Top fish product manufacturer & exporter: The company is recognized by the Ministry of Commerce as a Three Star Export House. It's a leading manufacturer, holding an 18% market share in India's fish meal exports.
- Solid customer relationships: About 19.61% of the company's revenue comes from customers with a minimum 5-year relationship. Plus, it keeps gaining new customers from both local and foreign markets.
- Perfect locations: Being near coastlines is crucial for sourcing pelagic fish, a key material for fish oil production. This strategic positioning cuts transportation costs and makes exporting cheaper.
- Tough to enter: Due to the vital role fish products play in human consumption, the company's facilities face strict audits. Also, new fish meal & oil facilities are currently blocked by the Marine Products Export Development Authority's moratorium.
- Seasoned leaders: The company's promoters boast five decades of industry experience. They handle manufacturing, procurement, and marketing, leveraging their extensive network to strengthen ties with suppliers and customers.

# Threats

- The company is involved in a legal case for supposedly breaking environmental rules.
- Most of the money the company makes comes from just a few customers.
- The company needs approvals and licenses to do its usual business, and it has to follow certain rules and laws to run the business.

# Valuation and Outlook

The cost of the shares is expected to be between ₹26 to ₹28 per share. If we look at the valuation, Mukka Proteins has a P/E ratio of 14x which is calculated using a price above ₹28 and an FY23 EPS of Rs 2. while the industry P/E is 26.29x.

## Peers Analysis.

Companies	CMP*	EPS (Basic in ₹)	EPS (Diluted in ₹)	PE Ratio	RONW (%)	NAV (Per Share)	Face Value
Mukka Proteins Limited	[●]	2.00	2.00	[●]	34.19%	5.86	1.00
Peer Group							
Avanti Feeds Limited (Consolidated)	512.90	20.45	20.45	25.00	13.14%	174.45	1.00
Godrej Agrovet Limited (Consolidated)	511.40	15.71	15.71	33.23	10.77%	142.78	10.00
Zeal Aqua Limited (Standalone)	12.01	0.56	0.56	20.63	9.97%	5.61	1.00
Waterbase Limited (Consolidated)	83.14	(0.84)	(0.84)	-	(1.90%)	44.10	10.00

If we look at the financial numbers Sales soared by 52.77% to Rs 1177.12 crore in FY 2023 compared to FY2022. Operating profit margin (OPM) rose by 114 basis points to 7.32%, resulting in an 81.09% increase in operating profit to Rs 86.17 crore. Other income (OI) grew by 18.41% to Rs 6.68 crore, but interest costs surged by 70.22% to Rs 16.48 crore, and depreciation jumped by 38.62% to Rs 11.89 crore. Profit before tax (PBT) shot up by 83.28% to Rs 65.95 crore. Tax expenses were Rs 18.42 crore compared to Rs 10.16 crore in FY22. Minority interest spiked by 114.15% to Rs 3.45 crore. Net profit surged by 82.07% to Rs 44.08 crore. The company has seen growth in both its revenue and profit. Mukka Proteins is the leading company in fish meals, fish oils, and related products, holding a 25-30% market share domestically and enjoying strong demand globally. Considering its earnings for FY24, the stock seems reasonably priced. It could attract early investor interest after its listing.

We recommend to Investors, especially those interested in these sectors, might consider it for potential medium to long-term gains as well as for good listing gains.





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