

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION DIRECTLY OR INDIRECTLY, OUTSIDE INDIA. INITIAL PUBLIC OFFER OF EQUITY SHARES ON THE MAIN BOARD OF THE STOCK EXCHANGES IN COMPLIANCE WITH CHAPTER II OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS").



Mukka Proteins Limited

MUKKA PROTEINS LIMITED



(Please scan the QR code to view the RHP)

Our Company was originally formed as a partnership firm constituted under the Indian Partnership Act, 1932 pursuant to a deed of partnership dated March 13, 2003 and was registered with Registrar of Firms, Bangalore on March 21, 2003 under the name "Mukka Sea Foods Industries" and was re-constituted on July 14, 2004 and June 18, 2010. "Mukka Sea Foods Industries" was thereafter converted from a partnership firm to a private limited company under Part IX of the Companies Act, 1956, as "Mukka Sea Food Industries Private Limited" and a certificate of incorporation was issued by the Registrar of Companies, Karnataka on November 04, 2010. Subsequently, our Company was converted to a public limited company pursuant to a special resolution passed by the shareholders of our Company at the extraordinary general meeting held on November 09, 2019 and the name of our Company was changed to "Mukka Sea Food Industries Limited" and a fresh certificate of incorporation, consequent upon conversion to a public limited company dated December 02, 2019, was issued to our Company by the Registrar of Companies, Bangalore. Thereafter, the name of our Company was changed to "Mukka Proteins Limited" pursuant to a special resolution passed by the shareholders of our Company at the extraordinary general meeting held on July 23, 2021 and a fresh certificate of incorporation dated August 06, 2021 was issued by the Registrar of Companies, Bangalore. The CIN of our Company is U05004KA2010PLC055771. For details of change in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 284 of the Red Herring Prospectus dated February 24, 2024 ("RHP" or "Red Herring Prospectus").

Corporate Identity Number: U05004KA2010PLC055771

Registered Office: Mukka Corporate House, Door No. 18-2-16/4, First Cross, NG Road, Attavara, Dakshina Kannada, Mangaluru 575001, Karnataka, Tel: +918244252889, Contact Person: Mehaboobah Mahmudgous Chayal, Company Secretary and Compliance Officer, E-mail: cs@mukkaproteins.com, Website: www.mukkaproteins.com

OUR PROMOTERS: KALANDAN MOHAMMED HARIS, KALANDAN MOHAMMAD ARIF AND KALANDAN MOHAMMED ALTHAF

INITIAL PUBLIC OFFERING OF UP TO 80,000,000* EQUITY SHARES OF FACE VALUE OF ₹1/- EACH ("EQUITY SHARES") OF MUKKA PROTEINS LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹1/- PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹1/- PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹1/- MILLION ("THE ISSUE"). THE ISSUE WILL CONSTITUTE 10% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL.

*Subject to finalization of the Basis of Allotment.

Our Company is a manufacturer of fish meal, fish oil and fish soluble paste, an essential ingredient in the manufacturing of aqua feed (for fish and shrimp), poultry feed (for broiler and layer) and pet food (dog and cat food).

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Issue • Non-Institutional Portion: Not less than 15% of the Issue • Retail Portion: Not less than 35% of the Issue

PRICE BAND: ₹26 TO ₹28 PER EQUITY SHARE OF FACE VALUE OF ₹1 EACH

THE FLOOR PRICE IS 26 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 28 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 13 TIMES AND AT THE CAP PRICE IS 14 TIMES

BIDS CAN BE MADE FOR A MINIMUM OF 535 EQUITY SHARES AND IN MULTIPLES OF 535 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated February 24, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Issue Price' section of the RHP. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for Issue Price' section on pages 151-162 of the RHP and provided below in this advertisement.

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISKS TO INVESTORS:

- 1) A significant majority of our revenues from operations are derived from a limited number of customers.

The contribution towards revenue from sale of products from our top 2, top 5 and top 10 customers is as follows:

(₹ in million)

Particulars	Six months period ended September 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	in ₹ million	% to operation revenue	in ₹ million	% to operation revenue	in ₹ million	% to operation revenue	in ₹ million	% to operation revenue
Customers								
Top 2 Customer	2555.77	42.17 %	4344.36	36.91 %	4796.04	62.25 %	4170.28	69.06 %
Top 5 customer	3520.73	58.09 %	6248.99	53.09 %	6188.26	80.31 %	4,619.10	76.50 %
Top 10 customers	4381.61	72.29 %	8126.81	69.04 %	6,901.60	89.57 %	5,061.56	83.82 %
Sale to related parties (Ullal Fish Meal and Oil Company*)	NIL	NA	NIL	NA	122.72	1.59 %	NIL	NA
Sale to others	4381.61	72.29 %	8126.81	69.04 %	6778.87	87.98 %	5061.56	83.82 %

- 2) We have experienced negative cash flows from operating activities and may do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

As per the Restated Consolidated Financial Statement, we have experienced negative cash flows from operating activities in the past, details of which are provided below:

(₹ in million)

Particulars	For the six months period ending September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash flows from operating activities	(201.19)	(543.95)	48.08	59.49

- 3) Under-utilisation of our manufacturing capacities and an inability to effectively utilise our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance. In the six months period ended September 30, 2023 and for the Fiscals 2023, 2022 and 2021, the overall capacity utilisation of our Manufacturing Facilities in India was 24.02%, 29.31%, 20.71% and 17.36%, respectively and that of our Manufacturing Facility in Oman was 16.06%, 15.96%, 26.73% and 36.73%, respectively for the same period.

- 4) Our pursuit of inorganic growth opportunities may not be successful and could result in increased costs. In past, we had acquired and/or invested in 9 entities wherein our Company holds significant equity and capital contribution. In past, a few of our acquisition has not resulted in the desired result. For instance, our Company resigned as a partner from KGN Marine Products, partnership firm, with effect from February 25, 2022 and our joint venture arrangement with MSFI Bangladesh Ltd. ceased to be our joint venture on December 20, 2022 and is not actively engaged in any business operations since the year 2015. Thus our inorganic growth strategy may involve various risks and challenges.

- 5) The products that we manufacture or process is subject to risks such as contamination, adulteration and product tampering during their production, transportation or storage and any failure to provide the specified quality of fish meal, fish oil and fish soluble paste could have a negative impact on our business. As part of our fish meal and fish oil processing business, pelagic fish, our primary raw material, are required to be handled and transported at specific temperatures in insulated trucks with sufficient ice. These pelagic fish may be subject to contamination by bacteria or pathogens. While our manufacturing process involves the cooking method which will enable elimination of pathogens, any use of contaminated fish may affect the eventual quality of our products.

- 6) Our Company is party to a legal proceeding concerning an alleged violation of environmental norms by the Company and an adverse outcome of the proceeding could have an impact on our Company's operations at Mukka Manufacturing Facility I. Further, in past, one of our Promoter Director, Kalandan Mohammed Haris has been subject to seizure of property by Directorate of Enforcement in relation to alleged violation of Foreign Exchange Management Act, 1999 against which our Promoter has filed a Writ Petition against (i) Union of India, (ii) Commissioner of Customs and (iii) Directorate of Enforcement before the Hon'ble High Court of Karnataka, at Bengaluru. An adverse outcome of the proceeding could have an impact on our Company's business, results of operations and financial condition.

- 7) We have recently ventured into insect protein business, through Ento Proteins Private Limited, and we may be unable to execute our strategy to expand the business or find suitable market for insect proteins, which could have a material adverse effect on our business, financial condition and results of operations. Further, in order to scale up our Insect Protein production capabilities, we intend to make further investment in EPPL to meet its incremental working capital requirements, by way of equity, debt or a combination thereof from the proceeds of the Issue.

- 8) A substantial portion of our revenue from operations is generated from the export of the products to customers in international markets. Our Company has export revenue for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for the six months period ended September 30, 2023 was approx. ₹ 2,826.96 million, ₹1,389.47 million, ₹5610.32 million and ₹3474.14 million comprising of 52.72%, 20.05%, 52.61% and 62.68%, respectively of the revenue from operations of the Company. We are, therefore, exposed to significant risks relating to exchange rate fluctuations.

- 9) Our business depends on our ability to successfully obtain payments from our customers for services provided. Any inability on our part to collect amounts owed to us or to pay amounts owed by us could result in the reduction of our profits. Set forth below are the details of our trade receivables for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 and for the six month period ended on September 30, 2023

Particular	As at/ for the six months ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Trade receivables (₹ in million)	1,484.91	1,132.71	613.31	478.86
Debtor turnover ratio (in days outstanding)	44	35	29	29
Provisions made/ Write-off (₹ in million)	NIL	NIL	NIL	NIL

- 10) Some of our Group Companies have incurred losses in the previous Fiscals and the loss for the Fiscal 2023 is around ₹ 57.46 million. Sustained financial losses by our Group Companies may not be perceived positively by external parties such as customers, bankers, suppliers etc., which may affect our credibility and business operations.

- 11) Weighted average cost of all Equity Shares transacted in the three years, eighteen months and one year preceding the date of the Red Herring Prospectus

Period	Weighted average cost of acquisition per Equity Share (in ₹)*	Cap Price is 'x' times the weighted average cost of acquisition	Range of acquisition price per Equity Share: lowest price - highest price (in ₹)*
Last one year preceding the date of this Red Herring Prospectus	NA#	NA#	NA#
Last eighteen months preceding the date of this Red Herring Prospectus	4.50	6.22	4.50 – 4.50
Last three years preceding the date of this Red Herring Prospectus	1.29	21.71	NIL\$ – 4.50

Continued on next page