



Mukka Proteins Limited

MUKKA PROTEINS LIMITED



(Please scan the QR code to view the Prospectus)

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 266 of the Prospectus dated March 05, 2024 ("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: Mehaboobsab Mahmudgous Chalyal, Company Secretary and Compliance Officer; E-mail: cs@mukkaproteins.com, Website: www.mukkaproteins.com

THE COMMENCEMENT OF TRADING OF THE EQUITY SHARES OF OUR COMPANY ON THE STOCK EXCHANGES SHALL BE WITH EFFECT FROM THURSDAY MARCH 07, 2024. PURSUANT TO THE SEBI CIRCULAR NO. SEBI/HO/CFD/TPD1/ CIR/P/2023/140 DATED AUGUST 09, 2023. THE EQUITY SHARES OF OUR COMPANY SHALL COMMENCE TRADING ON T+3 DAY (T BEING THE ISSUE CLOSING DATE).

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

Our Company has filed the Prospectus dated March 05, 2024 with the ROC, and the Equity shares are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and trading is expected to commence on March 07, 2024

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 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 ₹ 28/- PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM ₹ 27/- PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ 2,240 MILLION ("THE ISSUE"). THE ISSUE WILL CONSTITUTE 26.67% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL.

**ANCHOR INVESTOR ISSUE PRICE: ₹ 28 PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH
ISSUE PRICE: ₹ 28 PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH
THE ISSUE PRICE IS 28 TIMES OF THE FACE VALUE**

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 Director 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 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 Prospectus	NA#	NA#	NA#
Last eighteen months preceding the date of this Prospectus	4.50	6.22	4.50 – 4.50
Last three years preceding the date of this Prospectus	1.29	21.71	NIL\$ – 4.50

\$Acquisition of Equity Shares through bonus issue in the ratio of 3 Equity Shares for every 1 existing Equity Share held undertaken on January 18, 2022, hence the acquisition price is nil.

*As certified by our Statutory Auditors, Shah & Taparia, Chartered Accountants, by way of their certificate dated March 04, 2024.

#There have been no transactions of Equity Shares of the Company in the one year preceding the date of the Prospectus.

12) This is the first Main Board Public Issue being handled by BRLM associated with Issue. The BRLM has handled 14 SME public issues in the past three Fiscal Years, out of which 3 issues closed below the Issue Price on the listing date.

13) The Price/Earnings ratio based on diluted EPS for March 31, 2023 for the issuer at the upper end of the Price band is 14 as high as as compared to the average industry peer group PE ratio of 26.36.

14) Weighted Average Return on Net Worth for Fiscal 2023, 2022 and 2021 is 28.66%.

15) Average cost of acquisition of Equity Shares of our Promoters

The average cost of acquisition of Equity Shares for our Promoters as on the date of the Prospectus, is as set out below:

Name of Promoter	Number of Equity Shares acquired*^	Average cost of acquisition per Equity Share (in ₹)#
Kalandan Mohammed Haris	11,24,51,830	0.98
Kalandan Mohammad Arif	600,16,690**	0.98
Kalandan Mohammed Althaf	600,16,690	0.98

As certified by our Statutory Auditor, Shah & Taparia, by way of their certificate dated March 04, 2024.

#Weighted average price has been arrived at by considering only the cost of shares allotted to the Promoters on account of further issue, bonus issue and transfers, i.e., cost paid by the Promoters for acquisition by way of subscription, bonus issue and acquisition from other shareholder(s) divided by the total number of equity shares acquired by the above transactions.

*While calculating the weighted average price of the shares in the hands of the individual, the cost of shares was considered as the price paid to the transferor against such acquisition of shares. The selling price of the shares transferred by the respective Promoters to others is not netted off while calculating the average cost of acquisition.

^As adjusted for sub-division of Equity Shares