



A) Mayank Cattle Food Limited IPO Overview

Mayank Cattle Food Limited, originally incorporated as "Mayank Cattle Food Private Limited" in 1998, transitioned to a Public Limited Company in 2023. Established with a focus on manufacturing Maize Oil (Non-edible) and Maize Cake (Cattle Feed), the company has grown and expanded its production capacity over the years.

B) Indian Edible Oil Industry

1. Introduction:

Oilseeds and edible oils play a pivotal role in India's agricultural economy. The country is a major global producer of oilseeds, contributing to a substantial portion of the world's production. The Ministry of Agriculture's data for 2020-21 indicates that India produced an estimated 36.56 million tons of nine cultivated oilseeds. This underlines the sector's significance in shaping the country's economic landscape.

2. Variety of Edible Oils:

India boasts a diverse range of oilseeds cultivated across different agro-climatic zones. Major traditional oilseeds include groundnut, mustard, rapeseed, sesame, safflower, linseed, niger seed, and castor. In recent years, soybean and sunflower have gained prominence, while coconut holds a crucial position among plantation crops. Efforts to cultivate oil palm in various states are underway. Additionally, non-conventional oils such as rice bran oil and cottonseed oil, along with oils from tree and forest origin, contribute significantly to the edible oil market.

3. Consumption Patterns:

Regional preferences influence the consumption patterns of edible oils in India. For instance, groundnut oil is favoured in the South and West, while mustard and rapeseed oil are commonly used in the East and North. Coconut and sesame oils find preference in specific pockets of the country. Vanaspati, a partially hydrogenated oil mixture, is popular in the northern plains. However, modern technological processes have made oils practically colourless, odourless, and tasteless, enabling interchangeability. The market share of raw oil, refined oil, and vanaspati is estimated at approximately 35%, 60%, and 5%, respectively. Importantly, around 56% of the domestic demand is met through imports, with palm oil/palmolein constituting the majority.

4. Developmental Initiatives:

The establishment of the Technology Mission on Oilseeds in 1986, later transformed into the National Mission on Oilseeds and Oil Palm (NMOOP) in 2014, has significantly contributed

to the sector's growth. This mission, merged with other relevant schemes, has propelled oilseed production from 11.3 million tons in 1986-87 to 33.22 million tons in 2019-20. Liberalisation policies, promoting open-market dynamics and competition, have shaped a highly competitive market with participation from domestic and multinational players.

5. Export-Import Dynamics:

India relies on imports to bridge the demand-supply gap, with an open general license for edible oil imports. The government reviews duty structures periodically to align the interests of farmers, processors, and consumers. Recent revisions include increased import duties on crude and refined edible oils, except for palm and olive oil. The budget of 2021-22 brought reductions in basic customs duty on crude palm oil, crude soybean oil, and crude sunflower oil, accompanied by the imposition of agri-cess. Export policies have also evolved, with the ban on edible oil exports since 2008, later relaxed for specific oils and under certain conditions.

C) Indian Animal Feed Industry

1. Introduction:

The animal feed industry is a cornerstone for the growth, health, and productivity of livestock, poultry, and aquaculture. In 2022, the global animal feed market reached an estimated value of US\$ 501.9 billion, with a projected CAGR of 3.3%. India, as the fourth-largest producer of animal feed, contributed significantly with a market worth US\$ 11.66 billion in 2022. This robust industry not only sustains animal populations but also presents substantial opportunities for growth and export.

2. Challenges in Indian Animal Feed Industry:

Despite India's substantial contribution to the global animal feed market, the industry faces challenges, notably a critical fodder problem. Shrinking land resources and erratic fodder supply during summer/drought create gaps in the supply chain. The deficit in green fodder is estimated at 11.24%, reflecting the need for strategic solutions to enhance fodder production.

3. Diversity in Animal Feed Demand:

Globally, the feed industry serves various animals, including poultry, dairy (cattle, calf, beef), aquatic/marine, pig, and pets. The demand for feed varies based on socio-cultural dynamics, eating habits, and the economic importance of animals in different regions. In India, the industry caters to a diverse set of animals, and understanding these dynamics is crucial for sustained growth.

4. Segment-wise Growth:

The Indian animal feed market, with a CAGR of 3.5% over the last five years, reached Rs 956.7 billion in 2022 (approx. US\$ 11.66 billion). Projections indicate growth to Rs 1,578.2 billion by 2028 (approximately US\$ 19.23 billion), exhibiting a CAGR of 8.2%. Major

segments, particularly cattle and poultry feeds, have grounds for substantial future growth, with cattle feed comprising grains and their cakes, and poultry feed primarily including maize, jowar, wheat, soy, and concentrates.

5. Poultry and Egg Production:

India, ranking as the fourth-largest broiler producer and third-largest egg producer, witnessed 120.6 billion egg production in FY 2021-22, registering a 6.19% YoY growth. The steady growth of the poultry industry, driven by increased animal-based protein intake, fuels demand for feed, making the broiler industry a strong driver.

6. Milk Production and Cattle Feed:

As the largest milk producer globally, contributing 24% of global production in 2021-22, India's dairy sector significantly influences the demand for cattle feed. Western India leads in cattle feed production, followed by North, South, and East regions.

7. Aquaculture Feed Market:

India's aquaculture feed market has expanded with a CAGR of 3.5% (2017-22), reaching a value of around US\$ 1.4 billion in 2020. The sector, driven by surging demand for shrimp globally, contributes to India being the second-largest aquaculture country globally.

8. Export and Import Dynamics:

India's animal feed trade in 2022-23 totaled US\$ 3.29 billion. Exports rose to US\$ 2.5 billion, with Bangladesh, Vietnam, Korea, Thailand, and China being top destinations. Imports, totaling US\$ 790.21 million, were primarily from Sri Lanka, Thailand, Argentina, China, and Singapore.

9. Opportunities and Way Forward:

India, with a 1.3% share in the world's total exports, has opportunities for growth in global markets like UAE, China, Russia, and Brazil. Interventions such as government support, subsidies, and a synchronised regulatory framework can further boost the sector. Addressing challenges in raw material procurement and promoting awareness about nutrient-rich additives like DDGS can enhance efficiency. Strategic measures, along with research and development investments, are crucial for the industry to tap into its full potential and contribute significantly to global animal feed demands.

D) Mayank Cattle Food Limited Detailed IPO Analysis

Mayank Cattle Food Limited, originally incorporated as "Mayank Cattle Food Private Limited" in 1998, transitioned to a Public Limited Company in 2023. Established with a focus on manufacturing Maize Oil (Non-edible) and Maize Cake (Cattle Feed), the company has grown and expanded its production capacity over the years.

E) Mayank Cattle Food Limited IPO Details:

Open Date: Jan 29 2024
Close Date: Jan 31 2024
Total Shares: 1,800,000
Face Value: ₹ 10 Per Equity Share
Issue Size: 19.44 Cr.
Lot Size: 1200 Shares
Issue Price: ₹ 108 Per Equity Share
Listing At: BSE SME
Listing Date: Feb 05 2024

F) Objects of the Mayank Cattle Food Limited IPO:

The Objects of the Issue are:

1. Funding Capital Expenditure towards the purchase of additional plant and machinery
2. To meet the Working Capital Requirements
3. To meet the Issue Expenses
4. General Corporate Purposes

G) Infrastructure:

Operating from a well-equipped facility on Rajkot Jamnagar Highway, the company's strategic location ensures easy access to raw materials and transportation. With a manufacturing area of approximately 87,133 sq.ft., the facility boasts modern machinery and technology.

H) Production Capacity:

Mayank Cattle Food Limited currently has a production capacity of 22,896 MT per annum of Maize Oil and 45,792 MT per annum of Maize Cake. Recent expansions in 2023 and 2021 have aimed at scaling operations and enhancing market presence.

I) Promoters:

The company's promoters play a crucial role in guiding strategic decisions and managing business operations. Their industry knowledge contributes to the company's competitive advantage, facilitating expansion in existing markets and exploring new avenues.

J) Customer Base:

With a diversified customer base covering states like Gujarat, Delhi, and Maharashtra, the company markets its products through various channels, including marketing agents, brokers, and direct sales to consumers.

K) Solar Power Initiative:

In 2020, the company installed environment-friendly solar power panels with a capacity of 150kva at its factory premises. The generated electricity is used for captive consumption, showcasing a commitment to sustainable practices.

L) Products:

1. Maize Oil (Non-edible):

- Unrefined (Crude) Maize Oil, 100% expeller pressed.
- High in energy, easily digestible, rich in Vitamin E.
- Widely used in cooking and as a key ingredient in margarines.
- Valued for its functionality, exceptional flavour, affordability, and health benefits.
- Used in biodiesel production and various industrial applications.

2. Maize Cake (Cattle Feed):

- By-product of Maize Oil extraction, high in fat/oil content.
- Processed through Expeller technology.
- Rich source of nutrition for dairy cattle feed.
- Advantages include increased milk fat percentage, energy provision, Vitamin E content, improved animal health, and resistance against diseases.

Mayank Cattle Food Limited continues to focus on quality, sustainability, and market expansion in its journey of providing Maize Oil and Maize Cake products.

M) Details of Product-wise Revenue

	<i>₹ in lakhs</i>			
Product	July 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Maize Oil	3,989.40	18,780.65	20,478.13	11,547.09
Maize Cake (Cattle Feed)	3,492.91	12,037.67	11,653.41	7,003.16
Empty Gunny/Plastic Bags	25.85	99.73	131.32	78.47
Others (Scrap Sales)	-	-	-	2.79
Total	7,508.16	30,918.05	32,262.87	18,631.51

N) Manufacturing Process

1. Raw Material:

The Maize Oil Plant utilizes Maize Germ as the primary raw material. Obtained through the Maize crushing process, Maize Germ is rich in oil and acts as a key ingredient for oil extraction. Additionally, Maize Poha, Maize Bran, or Sludge Kitu are mixed with Maize Germ to create a final feed ingredient, serving as both a supplement and a binding agent for Maize Cake production.

2. Cleaning:

To ensure the smooth production of Maize Oil, thorough cleaning is essential. Maize Germ entering the oil plant often carries impurities like dust, stones, and metal particles. Various

cleaning methods are employed to remove these impurities, preventing quality issues, oil loss, and potential damage to machinery.

3. Expelling:

Expelling, a widely used oil extraction technology for Maize Germ, preserves the original flavour. The screw oil pressing process results in Crude Maize Oil, a natural food with a mellow fragrance, rich nutritional content, and a long shelf life. The produced oil is then filtered in the Ground Oil Tank, while the by-product Maize Cake is conveyed for packaging.

4. Separation and Filtration:

The Crude Maize Oil undergoes filtration to remove suspended particles, facilitated by a filter press and a decanter for continuous separation of solid materials from the liquid. The filtered oil is stored in an Oil Tank before being filled into tankers for transportation. The separated residue is processed into powder form through job work and mixed with the raw material for further processing.

5. Testing:

Lab testing of the raw material, Maize Germs, is a crucial step in the oil processing unit. Tests for moisture, oil content, fiber, and free fatty acids are conducted upon receiving the Maize Germs. Based on test reports, Maize Poha, Maize Bran, or Sludge Kitu are mixed to ensure the production of quality Maize Oil and Maize Cake. Post-production, Maize Cake undergoes lab testing to check oil and moisture content, maintaining quality standards.

O) Manufacturing Facility

Situated at R. S. No. 162, Rajkot Jamnagar Highway, Near Khandheri Stadium, Naranka, Paddhari, Rajkot – 360110, Gujarat, India, The manufacturing facility is strategically positioned to harness various advantages.

P) Competitive Strengths

1. Organisational Stability and Management Expertise:

- Experienced promoters and management team in the industry since 1998.
- Expertise enables rapid responses to market conditions, adapting to changes, and fostering business growth.

2. Smooth Flow of Operations:

- Strong client base and long-term relationships contribute to repeat business.
- Existing client relationships serve as a competitive advantage in acquiring new clients.

3. Well-Defined Organisational Structure:

- Qualified and experienced management with decision-making powers.
- Senior management pioneers growth, fosters innovation, entrepreneurship, and teamwork.

4. Well-Established Manufacturing Facility:

- Situated at a strategic location equipped with modern machinery.
- Designed for the production of Maize Cake (Cattle Feed) and Maize Oil (Non-edible).

5. Existing Supplier Relationship:

- Strong relationships with suppliers protect business terms, supply, and pricing.
- Excellent rapport with suppliers ensures a stable supply chain.

6. Quality Assurance and Accreditations:

- Dedication to providing high-quality products.
- Quality efforts contribute to a competitive advantage and goodwill from customers.

Q) Business Strategy

1. Focus on Increase in Volume of Sales:

- Growth strategy involves expanding sales volume through geographical outreach and market penetration.
- Intends to deepen market presence and enter the large domestic market.

2. Reduction of Operational Costs and Achieving Efficiency:

- Emphasis on cost reduction and operational efficiency to remain cost-competitive.
- Continuous efforts to identify areas for cost reduction.

3. Improving Operational Efficiencies:

- Focus on process improvements, quality checks, and technology development.
- Employee motivation for increased efficiency and productivity.

4. Leverage and Enhance Market Goodwill:

- Utilising established goodwill in the market for increased market base.
- Constant pursuit of newer avenues for sustainable growth.

5. Leveraging Market Skills and Relationships:

- Continuous process of imparting skills to enhance customer satisfaction.
- Utilising marketing skills and relationships to strengthen market presence.

6. Innovative Marketing Methods:

- Adoption of innovative methods through social media, groups, public meetings, seminars to address potential customers.

R) Risks

1. Logistics and Transportation Disruptions:

The success of their operations heavily relies on stable and reliable logistics and transportation infrastructure. Disruptions in logistics and transportation services could impair product deliveries and increase transportation costs, adversely affecting overall operations.

2. Single Manufacturing Facility:

Operating from a single manufacturing facility poses a vulnerability to unforeseen disruptions or emergencies. Any disruption in the facility could result in a halt in production, impacting supply and potentially affecting business operations.

3. Raw Material Price Increase:

The company faces the risk of an increase in the prices of raw materials required for Maize Oil and Maize Cake production. Elevated raw material costs may adversely impact profit margins and overall business sustainability.

4. Dependency on Specific Suppliers:

The business heavily relies on certain suppliers, and the loss of one or more could have a significant adverse effect. Disruption in the supply chain due to the loss of key suppliers may lead to production delays and impact business continuity.

5. Seasonal and Market Fluctuations:

The business is subject to seasonal and market fluctuations affecting cash flows and operations. Variability in demand and market conditions may lead to fluctuations in cash flows, potentially impacting business stability.

6. Government Regulation Compliance:

The company is subject to certain government regulations, and non-compliance may have adverse consequences. Failure to obtain, maintain, or renew required licences, permits, and approvals may result in disruptions and adversely affect business operations and results.

7. Regional Dependency:

The company predominantly sells products in Gujarat, making it susceptible to adverse developments in this region. Any adverse developments affecting operations in Gujarat could have a direct impact on revenue and overall results of operations.

S) SWOT Analysis

1. Strengths:

- Quality products and assurance.
- Established manufacturing facility.
- Experienced management team.

2. Weaknesses:

- Working capital-intensive business.
- Dependency on the growth in the food industry.
- Limited market reach.

3. Opportunities:

- Market expansion in neighbouring states.
- Opportunities in the Asian market.
- Growing acceptance by consumers.

4. Threats:

- Fluctuations in raw material prices.
- Intense competitive pressure.
- Rising labour wages.
- Industry susceptible to changes in government policies.

T) Customers

The company supplies its products majorly to Gujarat, Delhi and Maharashtra. The following is the breakup of the top five and top ten customers/suppliers of the Company.

₹ in lakhs

Particulars	July 31, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	In %	Amount	In %	Amount	In %	Amount	In %
Top 5 Customers	4,122.68	54.91%	15,566.94	50.35%	18,238.32	56.53%	11,615.99	62.35%
Top 10 Customers	5,034.13	67.05%	19,298.65	62.42%	22,079.84	68.44%	14,083.61	75.59%
Top 5 Suppliers	5,255.57	73.28%	17,684.91	60.83%	15,493.23	49.94%	8,968.47	49.99%
Top 10 Suppliers	6,509.51	90.77%	23,907.41	82.24%	23,103.58	74.47%	13,508.06	75.29%

U) P&L statement

Particulars (In Lakhs)	2021	2022	2023	4M-FY24
Revenue from Operations	18,632	32,263	30,918	7,508
Other Income	21	37	-40	19
Total Revenue	18,653	32,300	30,958	7,527
Cost of Materials Consumed	16,783	30,396	29,425	6,289
Purchase of Stock-in-trade	372	0	0	0
Changes in inventories	164	-86	-581	522
Employees Benefit Expenses	200	304	309	107
Other Expenses	717	1,217	1,131	323
EBITDA	417	469	674	285
Depreciation & Amortisation	119	119	171	80
Finance cost	200	236	325	102
EBIT	298	350	502	206
OPM (%)	2.24%	1.45%	2.18%	3.79%
PBT	97	114	177	103
Tax	25	34	46	46
PAT	72	80	131	57
NPM (%)	0.38%	0.25%	0.42%	0.76%
No.of Shares	54.00	54.00	54.00	54.00
EPS	1.32	1.48	2.43	1.06

V) Comparison With Peers

There are no listed companies in India that are into the similar line of business of the Company.

W) Valuation

After annualizing 2023-24, representing 4M FY24 data

Particulars (In Cr)

Revenue: ₹225.24

PAT: ₹1.71

EPS: 3.16

P/E: 38.17x

Market Cap: ₹58.32

Review: