

IPO Details	
Opening Date	Jan 29, 2024
Closing Date	Jan 31, 2024
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price	₹ 108 per share
Issue Size	Aggregating up to 19.44 Cr.
Fresh Issue	Aggregating up to 19.44 Cr.
Offer For Sale	-
Application Amount	₹ 1,29,600

IPO Objective	
1.	Funding Capital Expenditure towards the purchase of additional plant and machinery.
2.	Funding working capital requirements of the Company.
3.	To meet the Issue Expenses.
4.	General Corporate Purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	35,10,000	97.50%
Public	90,000	2.50%

Promoter of the Company	
1.	Bharatkumar Popatlal Vachhani
2.	Ajay Popatlal Vachhani

Competitive Strengths	
1.	Organizational stability along with management expertise.
2.	Smooth flow of operations.
3.	Well-defined organizational structure.
4.	Well Established Manufacturing Facility designed to serve multiple products range.
5.	Existing Supplier Relationship.
6.	Quality assurance and accreditations.

Company Background	
○	Mayank Cattle Food Limited was originally incorporated in the year 1998 and has its registered office in Rajkot, Gujarat.
○	The Company is engaged in manufacturing Maize Cake & Maize Oil (Non-edible).
○	The business process involves the purchase of the Maize Germ, then mechanized expelling, packaging and selling of the Maize Oil and Maize Cake.
○	The company has a diversified customer base covering states majorly like Gujarat, Delhi and Maharashtra. The company mainly markets its product through different revenue channels which include marketing agents, brokers and direct-to-consumers.
○	As of the date of the prospectus, the Company had 120 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 39	₹ 58

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23
Total Assets	3,433.62	4,163.86	4,893.63	5,122.44
Net Assets	264.63	344.56	475.99	533.37
Total Borrowings	2,531.50	3,163.53	3,961.00	3,788.35
Total Revenue	18,652.8	32,300.1	30,958.14	7,527.15
Profit After Tax	71.81	79.94	131.69	57.37

Tentative Timeline	
Opening Date	Jan 29, 2024
Closing Date	Jan 31, 2024
Basis of Allotment	Feb 01, 2024
Initiation of Refunds	Feb 02, 2024
Credit of Shares to Demat	Feb 02, 2024
Listing Date	Feb 05, 2024

Company Background and Analysis

Mayank Cattle Food Limited was originally incorporated on April 21, 1998. The company is engaged in manufacturing Maize Cake (Cattle Feed) & Maize Oil (Non-edible). The business process involves the purchase of the Maize Germ, then mechanized expelling, packaging and selling of the Maize Oil and Maize Cake.

The company operates a manufacturing facility that is equipped with the latest machinery and technology which is spread over approx. 87,133 sq. ft. situated at R. S. No. 162, Rajkot Jamnagar Highway, Near Khandheri Stadium, Naranka, Paddhari, Rajkot – 360110, Gujarat. The company's manufacturing facility is located in a strategic location that provides easy access to raw materials and transportation. Also, as the factory is located on Rajkot Jamnagar Highway, which is a well-developed area in terms of road, water, electric connectivity, and internet connectivity, it will enjoy all the infrastructural facilities like electricity, water, communication, banking etc. very easily.

Details of company products and Product-wise Revenue is as follows: –

- Maize Oil (Non-edible):** Maize Oil or Corn Oil is extracted from the germ of Maize (Corn). The company produces Unrefined (Crude) Maize Oil i.e. 100% expeller pressed Maize Oil. Unrefined Maize Oil contains free fatty acids, phospholipids, volatile compounds, pigments, and other impurities. Corn oil is also a feedstock used for biodiesel. Other industrial uses for corn oil include soap, salve, paint, erasers, rustproofing for metal surfaces, inks, textiles, nitro-glycerine, and insecticides. It is sometimes used as a carrier for drug molecules in pharmaceutical preparations. Due to its high cost, it is mainly used for edible purposes.
- Maize Cake (Cattle Feed):** Maize Cake is the by-product obtained from the extraction of Maize Oil which is very high in fat or oil content. It is processed through the Expeller technology to produce two products namely Maize oil and Maize oil cake. Maize oil cake is a rich source of nutrition and is used as a concentrated source in the dairy Cattle feed.

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		July-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Maize Oil	11,547.09	61.98	20,478.13	63.47	18,780.65	60.11	3,989.40	53.13
Maize Cake	7,003.16	37.59	11,653.41	36.12	12,037.67	38.53	3,492.91	46.52
Empty Gunny/Plastic Bags	78.47	0.42	131.32	0.41	99.73	0.32	25.85	0.34
Others (Scrap Sale)	2.79	0.01	-	-	323.60	1.04	-	-
Total	18,631.51	100.00	32,262.86	100.00	31,241.65	100.00	7,508.16	100.00

The company has a diversified customer base covering states majorly like Gujarat, Delhi and Maharashtra. The company mainly markets its product through different revenue channels which include marketing agents, brokers and direct-to-consumers.

In the year 2020, the company set up environment-friendly solar power panels of 150kva at the factory premises. The electricity generated at these solar plants is used for captive consumption by the company.

To conclude, Mayank Cattle Food Limited was incorporated in 1998 and has vast experience in the industry. Currently, the company derives most of its revenue from the sale of maize oil.

Business Strategies

- 1. Focus on the increase in the volume of sales –**
The company intends to expand its geographical reach and enter the large domestic market for growth opportunities for the business. The company plan to deepen its presence in the existing market expand its reach and penetrate into the large available market by giving scale-down low-price solutions and grabbing major market share.
- 2. Reduction of operational costs and achieving efficiency –**
The company looks for areas to reduce costs and achieve efficiencies in order to remain a cost-competitive company.
- 3. Improving operational efficiencies –**
The company focuses on improving operating efficiencies to achieve cost reductions to have a competitive edge. The company continuously strive to increase operational output through continuous process improvements, quality checks and technology development.
- 4. Leverage and enhance the goodwill in the market –**
The company intends to leverage this goodwill and increase the market base. The company is in constant pursuit towards newer avenues for sustainable growth.
- 5. Leveraging the market skills and relationships –**
The company believes is a continuous process in the organization and the skills that the company imparts in the people give importance to customers. The company aims to do this by leveraging its marketing skills and relationships and further enhancing customer satisfaction.
- 6. Innovative and Marketing Method –**
The company will be adopting innovative methods through social media, groups, public meetings, meetings, and seminars to address the potential customer base.

Competitive Scenario and Peer Mapping

Competition

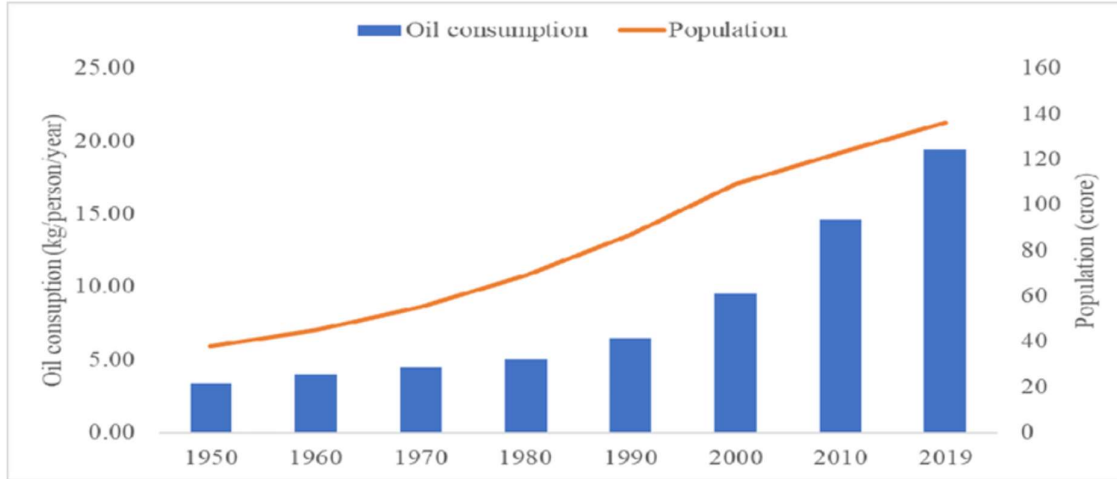
The industry in which the company operates is highly competitive while being unorganized and fragmented. The company faces competition in the business from other existing traders and manufacturers of the same products. The company competes with the competitors on a regional or product line basis. The company believe that the principal factors affecting competition in the business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the services and products. The industry in which the company operates has fewer barriers to entry. The bargaining power with the customers is high and the bargaining power with the suppliers is also high in this industry.

Peer Analysis

As per the offer document company does not have any list of peers in India that offer products or services across the various business segments in which the company operates.

Industry Overview

Exhibit 1: Vegetable oil consumption pattern in India.



(Source: researchgate.net)

Exhibit 2: Indian Animal Feed Market.



(Source: researchandmarkets.com)

Oil Industry

Most of the oilseeds are cultivated on marginal land and are dependent on rainfall and other climatic conditions. The other dominant feature which has had significant impact on the present status of edible oilseeds/oil industry has been the program of liberalization under which the Government's economic policy allowing greater freedom to the open market and encourages healthy competition and self-regulation rather than protection and control. Controls and regulations have been relaxed resulting in a highly competitive market dominated by both domestic and multinational players.

The country has to rely on imports to meet the gap between demand and supply. Import of edible oils is under Open General License (OGL). In order to harmonize the interests of farmers, processors and consumers, Government reviews the duty structure of edible oils from time to time. With effect from 14.06.2018, the import duty on all crude and refined edible oils, except Palm oil and Olive oil was raised to 35% and 45% respectively while the import duty on Olive oil was increased to 40%. With effect from 01.01.2020, the import duty on Crude and Refined Palm Oil was revised to 37.5% and 45% respectively. With effect from 08.01.2020, import policy of Refined Palm Oil is amended from 'free' to 'Restricted' category. With effect from 27.11.2020, the import duty on crude palm oil was revised from 37.5% to 27.5%.

In order to ensure availability of edible oil in the country, export of edible oil has been banned w.e.f. 17.03.2008, which was extended from time to time. With effect from 06.02.2015, export of ricebran oil in bulk has been permitted. With effect from 27.03.2017, export of groundnut oil, sesame oil, soyabean oil and maize (corn) oil has been permitted. With effect from 06.04.2018, export of all edible oils except mustard oil was made free without quantitative ceiling; pack size etc, till further orders. Export of mustard oil is permitted in packs of up to 5 Kg with a Minimum Export Price (MEP) of USD 900 per MT.

Animal Feed Industry

Animal feed is way more than just sustenance for livestock, poultry, and aquaculture - it is the cornerstone of their growth, health, and productivity as well. And now with a burgeoning population and changing dietary habits, it holds huge potential to support future generations and their growing demands of nutrition. With an estimated value of US\$ 501.9 billion in 2022, the global animal feed market is expected to grow at a CAGR of 3.3%. India being the fourth-largest producer of animal feed, accounted for a US\$ 11.66 billion feed market in 2022. The analysis run by TPCI's research team reveals opportunity areas for expanding exports.

Animal feed is the food given to domestic animals in the course of animal husbandry. Globally, the feed industry serves a variety of animals including poultry, dairy (cattle, calf, and beef), aquatic/marine, pig, pets etc. The feed demand for different animals varies with respect to socio-cultural dynamics, eating habits and economic importance of animals in the region. India is glaring at a critical fodder problem over the past few years, according to market reports. According to a recent coverage, India is facing a major challenge in terms of producing adequate feed and fodder for its livestock, given its shrinking land resource. Erratic fodder supply during summer/ drought creates a further gap in the supply chain. The deficit in green fodder is estimated at 11.24%. Currently, fodder is being cultivated on 8.4 million hectares (nearly 4% of gross cropped area), whereas experts suggest a share of 14-17%.

In fact, animal feed is a huge and diverse industry with lucrative growth opportunities across end user segments led by growing demand. TPCI's research team has undertaken a deep dive into the animal feed industry to ascertain critical growth opportunities for Indian exporters.

(Source: ibef.org)

Key Managerial Personnel

Bharatkumar Popatlal Vachhani, aged about 59 years, is the Promoter and Managing Director of the Company. He has been on the board of the company since inception. He holds a bachelor's degree in commerce from The Maharaja Sayajirao University of Baroda. Possessing vast experience spanning over three decades in the cattle food manufacturing industry, agri products, and commodity exports, he plays a crucial role in spearheading the strategic initiatives of the company.

Ajay Popatlal Vachhani, aged about 57 years, is the Promoter and Whole-time Director of the Company. He has been on the board of the company since inception. He holds a Bachelor of Commerce from H L College of Commerce, Ahmedabad. With a pivotal role in shaping the company's strategy and driving its growth plans to sustain industry leadership, he has been an integral part of the organisation for over two decades, serving in various capacities. He oversees overall management, finance & accounting, as well as investments and acquisitions, ensuring the company's continued success and advancement.

Tanmai Ajaybhai Vachhani, aged about 25 years, is the Wholetime Director of the Company. He has been on the board of the company since July 13, 2022. He completed the Cambridge, International General Certificate of Secondary Education (Cambridge IGCSE) program from The Galaxy School in the year 2013. He holds a certificate of participating in the programme – “Marketing Luxury: Understanding the Complexities of a New World of Business (Online)” from the Indian Institute of Management, Ahmedabad. He has expertise in the field of marketing.

Mayank Bharatkumar Vachhani, aged about 31 years, is the Wholetime Director of the Company. He has been on the board of the company since January 30, 2020. He holds the degree of Master of Commerce from the University of New South Wales, Australia. He has around 4 years of experience in the field of finance & marketing.

Ankit Bharatbhai Vachhani, aged about 35 years, is the Executive Director and Chief Financial Officer of the Company. He has been on the board of the company since October 15, 2015. He has been appointed as Chief Financial Officer of the Company on July 01, 2023. He holds a bachelor's degree in business management from the La Trobe University Melbourne, Australia.

Ekta Ankur Dholakia, aged about 33 years, is the Independent Director of the Company. She has been on the board of the company since July 24, 2023. She holds a Certificate of Membership from The Institute of Chartered Accountants of India and is a Practising Chartered Accountant.

Neelesh Kushalpal Bhardwaj, aged about 63 years, is the Independent Director of the Company. He has been on the board of the company since July 24, 2023. He holds the degree of Bachelor of Commerce from Gangadhar Meher College. He has 35 years of experience in the Department of Customs and Central Excise and has retired from the department as an Assistant Commissioner from Jamnagar.

Bhavesh Prataprai Doshi, aged about 53 years, is the Independent Director of the Company. He has been on the board of the company since July 24, 2023. He holds the degree of Bachelor of Pharmacy from Saurashtra University, Rajkot. He has around 27 years of experience in the field of marketing.

To conclude, the company has 2 promoters, and both have vast experience in the industry. Whereas both are involved in the management of the company. The remaining directors also have good experience in their respective fields, which does not include the operations of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jul-23
Revenue from Operations	18,631.51	32,262.87	30,918.05	7,508.16
Other Income	21.38	37.30	40.09	18.99
Total Income	18,652.89	32,300.17	30,958.14	7,527.15
Expenses				
Cost of materials consumed	16,783.35	30,396.14	29,425.44	6,289.07
Purchase of Stock in Trade	372.12	-	-	-
Change in inventories	163.96	-85.95	-581.11	521.93
Employee benefits expense	199.67	303.70	308.82	107.34
Finance costs	200.42	235.88	325.04	102.31
Depreciation and Amortization expense	119.49	119.23	171.36	79.80
Other expenses	716.68	1,217.35	1,131.41	323.41
Total Expenses	18,555.69	32,186.35	30,780.96	7,423.86
Earnings Before Interest, Taxes, Depreciation & Amortization	395.73	431.63	633.49	266.41
EBITDA Margin	2%	1%	2%	4%
Profit/(Loss) before exceptional items and tax	97.20	113.82	177.18	103.29
Prior period items	-	-	-0.25	-
Profit/(Loss) before tax	97.20	113.82	177.43	103.29
Tax Expense				
Current Tax	23.34	30.06	49.61	30.00
Deferred Tax	2.05	3.82	-3.87	15.92
MAT Credit Entitlement	-	-	-	-
Total Tax Expense	25.39	33.88	45.74	45.92
Profit/(Loss) for the year	71.81	79.94	131.69	57.37
Net Profit Margin	0.38%	0.25%	0.43%	0.76%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jul-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	20.00	20.00	20.00	360.00
Reserve and Surplus	244.63	324.56	455.99	173.37
Total Equity	264.63	344.56	475.99	533.37
2. Non-current liabilities				
Long Term Borrowings	1,239.69	1,540.00	1,416.50	1,251.20
Deferred Tax Liabilities (Net)	12.19	16.01	12.14	28.06
Long Term Provisions	4.05	5.32	7.09	7.17
Total Non-current liabilities	1,255.93	1,561.33	1,435.73	1,286.43
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	1,291.81	1,623.53	2,544.50	2,537.15
Trade payables				
Due to MSME	16.81	61.40	26.43	15.62
Due to Others	537.71	461.47	349.10	617.56
Other Current Liabilities	34.18	70.31	10.55	100.07
Short-term Provisions	32.55	41.26	51.33	32.24
Total Current liabilities	1,913.06	2,257.97	2,981.91	3,302.64
Total Liabilities	3,168.99	3,819.30	4,417.64	4,589.07
Total Equity and Liabilities	3,433.62	4,163.86	4,893.63	5,122.44

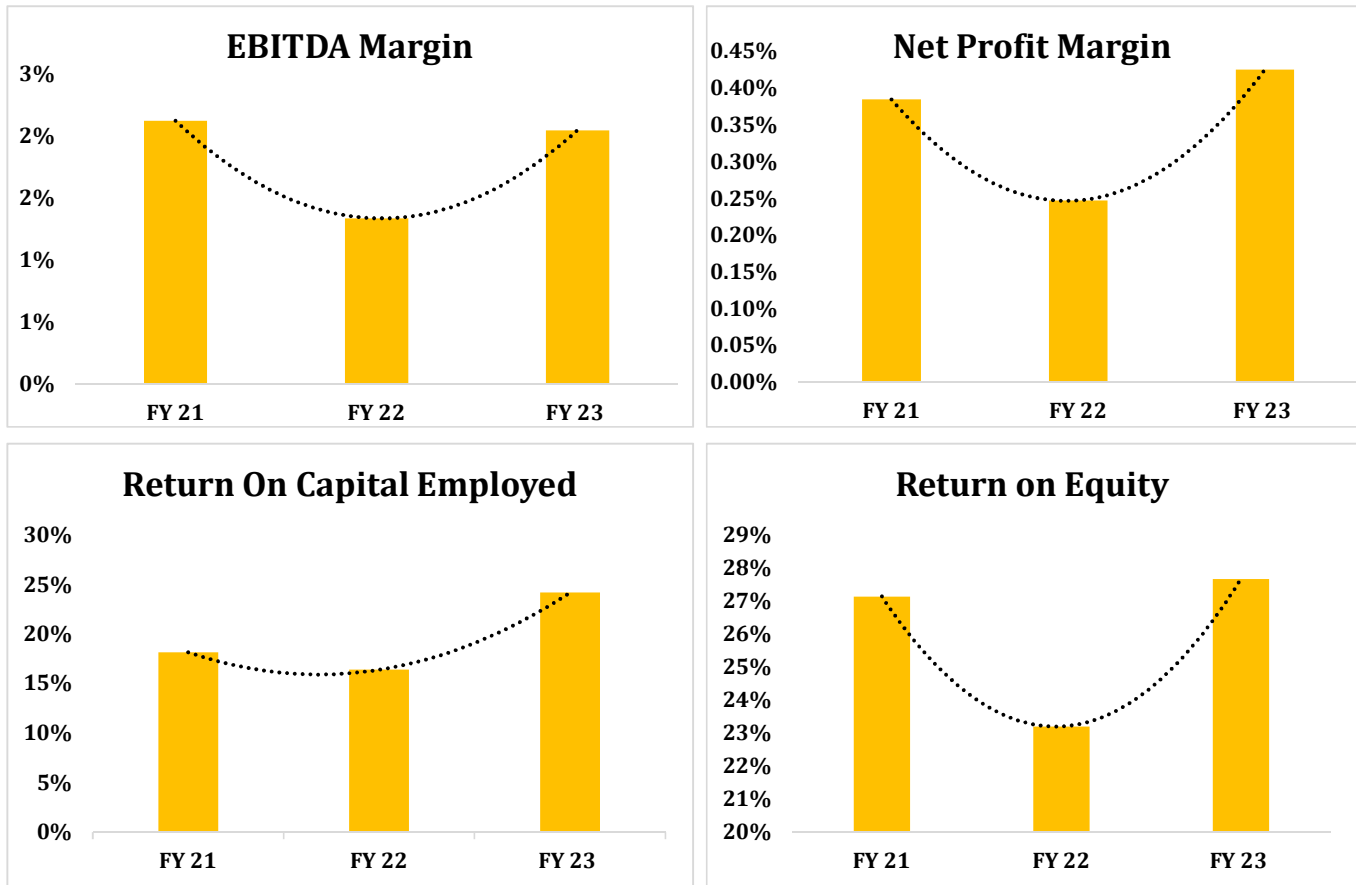
Balance Sheet					(In Lacs)
ASSETS					
1. Non-current assets					
Property, Plant and Equipment					
Tangible Assets	757.76	940.89	1,197.04	1,342.79	
Capital work in progress	1.71	15.61	217.51	-	
Long term loans and advances	23.74	20.97	22.94	22.94	
Total Non-Current assets	783.21	977.47	1,437.49	1,365.73	
2. Current assets					
Current Investments					
Inventories	1,540.01	2,254.86	2,482.55	2,843.06	
Trade receivables	713.46	639.15	713.07	631.69	
Cash and Bank Balances	186.58	7.97	6.73	6.50	
Short-term loans and advances	39.56	-	-	-	
Other Current Assets	170.78	284.39	253.78	275.36	
Total Current assets	2,650.39	3,186.37	3,456.13	3,756.61	
Total Assets	3,433.60	4,163.84	4,893.62	5,122.34	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jul-23	
Net Cash Flow from Operating Activities	162.71	-275.95	116.57	263.97	
Net Cash Flow from Investing Activities	-52.78	-296.04	-592.20	10.75	
Net Cash Flow from Financing Activities	-147.34	393.38	474.40	-274.96	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jul-23*
Per Share Data				
Diluted EPS	35.9	39.96	65.72	4.29
BV per share	4.90	6.38	8.81	49.11
Operating Ratios				
EBITDA Margins	2.12%	1.34%	2.05%	3.55%
PAT Margins	0.38%	0.25%	0.43%	1.03%
Inventory days	30.17	25.51	29.31	46.20
Debtor days	13.98	7.23	8.42	10.26
Creditor days	11.52	6.15	4.71	10.77
Return Ratios				
RoCE	18%	16%	24%	16%
RoE	27%	23%	28%	9%
Valuation Ratios (x)				
EV/EBITDA	6.59	8.11	6.99	7.64
Market Cap / Sales	0.31	0.18	0.19	0.26
P/E	3.01	2.70	1.64	25.15
Price to Book Value	22.04	16.93	12.25	2.20
Solvency Ratios				
Debt / Equity	9.57	9.18	8.32	7.10
Current Ratio	1.39	1.41	1.16	1.14
Quick Ratio	0.58	0.41	0.33	0.28
Asset Turnover	5.43	7.75	6.32	1.47
Interest Coverage Ratio	1.38	1.32	1.42	1.82

*Ratio sheet for Jul-23 is annualized.

Financial Charts



Key Risk Factors

1. The company's revenues largely depend on acceptance of the bids submitted to the Government and other agencies. The company's performance could be affected if the majority of the bids are not accepted/awarded.
2. The company's top five customers have contributed 100%, 96.31%, 91.41% and 95.08% of revenues for the period ended June 30, 2023, and year ended March 31, 2023, March 31, 2022, and March 31, 2021, respectively. Any loss of business from one or more of them may adversely affect the company's revenues and profitability.
3. The company's revenues are highly dependent on its operations in the geographical region of the State of Rajasthan. Any adverse development affecting operations in this region could have an adverse impact on business, financial condition and results of operations.
4. The company has certain legal proceedings involving the Company amounting to Rs. 129.22 Lacs. Any adverse decisions in any of the proceedings may have a significant adverse effect on the business, results of operations, cash flows and financial condition.
5. The Company had negative operating cash flow in FY 2023 and 2021. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.

Track Record of Lead Manager

The lead manager to the issue is GYR Capital Advisors Private Limited. A table has been set below highlighting the details of the last 10 IPOs of the recent companies handled by the Lead Manager in recent times –

GYR Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Maitreya Medicare Limited	14.89	82.00	November 07, 2023	120.65
2.	Basilic Fly Studio Limited	66.35	97.00	September 11, 2023	294.45
3.	Srivari Spices and Foods Limited	8.99	42.00	August 18, 2023	194.75
4.	Essen Specility Films Limited	66.33	107.00	July 06, 2023	209.15
5.	MCON Rasayan India Limited	6.84	40.00	March 20, 2023	170.85
6.	Agarwal Float Glass India Limited	9.20	42.00	February 23, 2023	57.00
7.	Anlon Technology Solutions Limited	15.00	100.00	January 10, 2023	255.00
8.	Uma Converter Limited	18.41	33.00	December 29, 2022	29.25
9.	Pritika Engineering Components Limited	9.42	29.00	December 08, 2022	66.20
10.	Mafia Trends Limited	3.60	28.00	October 06, 2022	18.00

*CMP for the above-mentioned companies is taken as of 29th January 2024.

As per the offer document, GYR Capital Advisors Private Limited has had 17 mandates in the last three fiscal years (including the current year). For GYR Capital Advisors Private Limited all the above-mentioned mandates have opened at premiums on the listing day.

Recommendation

The company has been in the industry since 1998 and has vast experience in the industry. The company has seen an increase in the top line and bottom line of its financials. The company's management overview is good. Whereas the company faces significant competition in the industry.

The P/E on a post-IPO basis is around 44.29 times which seems to be aggressively priced looking at the performance and size of the company.

The Company has not seen a proper trend in the top-line financials and instead has decreased revenues for FY 2023. The financial outlook of the company is not attractive. The industry in which the company operates has fewer barriers to entry. The company has also had negative operating cash flows. The company does not have any unique strategies planned out. Thus, at the current High P/E, we recommend **AVOID** applying to this IPO.



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