

## M K Proteins

April 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.01 (Reduced from 2.25)	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	35.00	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation in the ratings assigned to the bank facilities of M K Proteins (MKP) is on the account of modest scale of operations, profitability, and leveraged capital structure along with stretched liquidity. The ratings further continue to remain constrained on account of MKP's presence in competitive and fragmented nature of industry with susceptibility of profit margins to fluctuations in raw material prices being in agro-based industry and partnership nature of constitution.

The ratings, however, continue to derive strength from experienced management as well as location advantage of manufacturing unit with close proximity to raw material sources to ease access to raw materials.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in Total Operating Income (TOI) of more than Rs.110 crore with Profit Before Interest Lease Rentals Depreciation and Taxation (PBILDT) margin above 3.50%.
- Improvement in capital structure marked by an overall gearing of below 1.5x times on sustained basis.

#### Negative factors

- Decline in TOI by 20% or more with cash losses on sustained basis.
- Any further debt funded capex leading to deterioration in capital structure.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects that the entity is expected to be benefitted from the extensive experience of the promoters along with location advantage.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest scale of operations and profitability

The firm registered TOI of Rs.93.60 during FY24, marking the first full year of operations against Rs.96.87 Crore in FY23 (refers to the period from November 01, 2022, to March 31, 2023) and projected TOI of Rs.120 Crore for FY24. The lower-than-expected sales were primarily due to the reduction in sales volume driven by subdued demand. The firm reported revenue of ~Rs.146 Crore till March 27, 2025, and is expected to achieve turnover of ~Rs.150 in FY25. During FY24, the firm reported operating profit of Rs.3.24 crore (3.46%) and net profit of Rs.0.11 crore (0.11%).

##### Presence in a competitive and fragmented industry

India is one of the major groundnuts producing countries and also among the leading countries exporting groundnut-related products. The groundnut business in India is characterized by a high degree of competition, resulting from high fragmentation due to the low entry barriers and low capital intensity of the business.

##### Profit margins vulnerable to agro-based raw material price fluctuations

Groundnut seeds are the sole raw material used by MKP. Being agriculture-based input; the operations of MKP are vulnerable to its inherent risks associated with agri-based inputs prices. Further, the prices of raw materials are linked to agricultural output, which in turn, is exposed to factors such as vagaries of the monsoon, acreage, yield level and global demand-supply mismatches. Also, the prices of groundnuts are determined on the basis of demand and supply of groundnut seeds, which in turn depends upon rainfall and area under cultivation, and thus remain volatile.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

Further, prices also reflect the Minimum Support Price (MSP) and other incentives offered by Government of India (GOI), international demand-supply gap and weather conditions in major groundnut growing nations; and hence remain volatile. This makes the prices of these raw materials volatile which in turn could adversely impact MKP's margins.

### Partnership nature of constitution

MKP's constitution as a partnership firm restricts its overall financial flexibility in terms of limited access to external fund and ability to absorb losses or financial exigencies. Furthermore, there is an inherent risk of possibility of withdrawal of capital.

### Key strengths

#### Experienced management

MKP is promoted by family members of Keshariya and Mashru family, the promoters hold experience of around three decades in agro processing field through their association with other firms. The operation and management of MKP is being taken care by all the partners other than Ms. Rekhaben Keshariya, being an inactive partner. One of the partners- Mr. Alpesh Keshariya, looks after purchase department while Mr. Ashwin Keshariya and Mr. Dayalal Keshariya are handling production department. The marketing department is being looked after by Mr. Rajendra Mashru while Mr. Sureshchandra Mashru is handling finance work.

#### Strategic location of manufacturing units with close proximity to raw material sources

The manufacturing facilities of MKP is in Morbi, Saurashtra in Gujarat. Since Gujarat is one of the largest producers of groundnut in India, it helps MKP to easily procure groundnut from farmers and wholesalers in surrounding locality and offers MKP locational advantage in terms of lower logistics expenditure (both on the transportation and storage) along with ready availability of raw materials.

#### Liquidity: Stretched

The liquidity position of the entity remained stretched marked by working capital limit utilization remained full at selected period and average utilization remained around 74% for the past twelve months ended February 2025. Cash and bank balance remained moderate at Rs.1 crore as on March 31, 2024 (PY: Rs.5.05 crore). Current and quick ratio remained at 2.01x (PY: 1.30x) and 0.51x (PY: 0.82x) respectively as on March 31, 2024. Further, gross cash accruals remained at Rs.1.12 crore during FY24 (PY: Rs.1.45 crore), as against debt repayment obligation of Rs.0.18 Crore during projected period.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the firm and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Edible Oil

Rajkot (Gujarat) based M K Proteins (MKP) is a partnership firm formed in April 2022. MKP is promoted by family members of Keshariya and Mashru family viz. Alpesh Keshariya, Dayalal Keshariya, Ashwin Keshariya, Rajendra Mashru and Sureshchandra Mashru. The entity is engaged into processing and manufacturing of groundnut refined oil, groundnut oil cake and ground nut seeds. The commercial operations commenced from November 2022 post acquisition of existing groundnut oil manufacturing plant of Fuletra Agro Foods located at Kherva near Wankaner, Morbi- Gujarat. The plant is having installed capacity of 50 Metric Ton Per Day (MTPD) for groundnut seeds and 20 MTPD for groundnut oil manufacturing.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (Prov.)
Total operating income	96.87	93.60	146.00
PBILDT	3.38	3.24	NA
PAT	0.28	0.11	NA
Overall gearing (times)	2.47	1.62	NA
Interest coverage (times)	1.76	1.35	NA

A: Audited Prov: Provisional; NA: Not applicable; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	July-2030	2.01	CARE BB-; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	35.00	CARE BB-; Stable / CARE A4

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ ST-Cash Credit	LT/ST	35.00	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (14-Mar-24) 2)CARE BB-; Stable / CARE A4 (19-Feb-24)	-	-
2	Fund-based - LT-Term Loan	LT	2.01	CARE BB-; Stable	-	1)CARE BB-; Stable (14-Mar-24) 2)CARE BB-; Stable (19-Feb-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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