

## Mukka Proteins Limited

May 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.00	CARE BBB-; Negative	Downgraded from CARE BBB; Negative
Long Term / Short Term Bank Facilities	480.00	CARE BBB-; Negative / CARE A3	Downgraded from CARE BBB; Negative / CARE A3+

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

### Rationale and key rating drivers

Ratings downgrade and continuation of the Negative outlook on the long-term rating of Mukka Proteins Limited (MPL) follows the continued elongation in the company's working capital cycle to 189 days and 226 days in FY26 and FY25, respectively, as compared to average cycle of less than 70 days between FY21-24, owing to sizeable build up of inventory to 192 days translating into weakening liquidity buffer as indicated by high average utilisation of working capital limits at 95% for 12 months ending March 31, 2026 and reliance on ad-hoc limits from banks. MPL's revenue from operations grew by ~45% y-o-y in FY26 to Rs. 1,468 crore, largely in line with expectations, on the back of rising trend in global fish meal prices in H2 FY26, translating into ~20% y-o-y increase in average realisations during the year, and ~15% y-o-y jump in sales volumes. Its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained steady at 9.04% in FY26 translating into adequate accruals. However, MPL's debt coverage indicators deteriorated with total debt/gross cash accruals and PBILDT interest cover of 10.84x and 2.48x, respectively in FY26 (PY: 7.35x and 2.76x, respectively) owing to sizeable increase in working capital borrowings to fund the elevated inventory levels. While CARE Ratings Limited (CareEdge Ratings) expects MPL to benefit from the rising global fish meal prices, established customer relationships and healthy demand as indicated by adequate unexecuted order book, the company's ability to normalise its inventory in the coming months and easing pressure on its liquidity and coverage metrics remains a key monitorable.

Ratings derive comfort from MPL's established track record and healthy market position in the fish meal industry with an established customer base and track record of repeat orders from key customers. Ratings also factor in its geographically diversified production facilities and healthy proportion of exports in revenue mix. MPL's financial risk profile remains satisfactory, despite moderation in FY26, marked by overall gearing of 1.51x and PBILDT interest cover of 2.48x.

However, ratings remain constrained by MPL's working capital intensive operations driven substantial elongation in operating cycle in FY25 and FY26. The company also remains exposed to volatility in raw fish and fish meal prices and forex exchange rates. Moreover, ratings also consider the inherent seasonality of business and exposure to regulatory risks.

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

#### Positive factors

- Substantial increase in scale of operations and PBILDT margin leading to better cash accruals.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) below 1.5x and PBILDT interest cover above 3.0x on a sustained basis.
- Reduction in average inventory holding period below 150 days on a sustained basis.

#### Negative factors

- Significant decline in scale of operation or PBILDT margin leading to decline in cash accruals.
- Elevated inventory holding and/or investment in group entities resulting in deterioration in adjusted overall gearing above 1.6x on a sustained basis.
- Continued elevated inventory holding above 200 days.

### Analytical approach: Consolidated

Consolidated financials have been considered due to presence of common management, brand name, and operational linkages with subsidiaries/associates/joint ventures (JV). List of entities considered for consolidation are listed under Annexure-6.

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

**Outlook:** Negative

Continuation of Negative outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation of continued pressure on MPL's liquidity and debt coverage indicators owing to elevated inventory holding. The outlook may be revised to Stable, if the company demonstrates significant reduction in inventory translating into improvement in operating cycle and higher liquidity buffer.

**Detailed description of key rating drivers:****Key strengths****Established presence in the fish meal industry**

MPL is a dominant player in the fish meal and fish oil industry and has a long track record of over five decades in the business. Experience of its promoters has helped the company develop established relationships with its customers, ensuring repeat orders. Location of its manufacturing plants across multiple coastlines secures timely availability of raw fish in sufficient quantity and ensures better product quality due to lower transportation time. Long relationships with suppliers also ensure availability of raw fish with no major interruptions.

**Geographically diversified and strategically located facilities**

MPL has four strategically located manufacturing facilities within India and two manufacturing facilities in Oman, which is in proximity to the landing sites and fish catchments. It also has five other manufacturing plants in partnership firms (group entities), providing sizeable processing capacity to meet peak requirements. MPL also has four blending facilities and 14 storage facilities along the western coastline of India. MPL has also entered contractual arrangement with eight third-party manufacturing units increasing presence across the western coastline of India, for supply of fish meal and fish oil.

**Satisfactory financial risk profile**

The company's capital structure stood adequate marked by overall gearing at 1.51x (PY: 1.01x) and TOL/TNW at 2.12x (PY: 1.37x) as on March 31, 2026. In FY26, debt coverage metrics stood adequate marked by PBILDT interest coverage at 2.48x (PY: 2.76x) and total debt to gross cash accruals (TD/GCA) at 10.84x (PY: 7.35x). MPL's financial risk profile is expected to remain satisfactory.

**Strong client relations and geographically diversified revenue**

MPL's business risk profile continues to be supported by its established relationships with reputed customers and a demonstrated history of repeat business with key clientele, which provides medium-term revenue visibility. The customer base exhibits moderate concentration with revenue share of top 10 customers at over 60% in the last two years. The company's revenue remains geographically diversified, with exports contributing over 65% of revenue in the last two years and major export destinations being Vietnam, China, Taiwan and Bangladesh.

**Key weaknesses****Significant increase in working capital intensity in last two years**

MPL's business operations are working capital intensive given sizeable inventory holding requirements due to seasonal availability of raw materials (fish) and short processing period due to perishable nature of raw materials. The company also offers a sizeable credit period to its dealers. Its operating cycle stood elongated at 189 days and 226 days in FY26 and FY25, respectively, compared to 99 days in FY24. Net cash flow from operations (CFO) stood negative in the last five years considering changes in working capital, in FY26 net CFO stood at negative ₹123 crore (PY: negative ₹108 crore). MPL's working capital intensity has further increased in the current year as the company has built up sizeable inventory in anticipation of fetching better prices in coming quarters. While the long shelf-life of finished products limits inventory write-off risks to an extent, the company's ability to normalise its working capital cycle without material impact on margins translating into healthy cash flows remains a key monitorable.

**Margins exposed to raw material and fish meal prices, seasonal in nature**

The key raw material used for manufacturing operations is pelagic fish (raw fish), which is sourced from vendor, agents, and local fish catchers and the raw material suppliers are primarily in India. Raw material cost constitutes over 80% sales and its profitability margin remain vulnerable to fluctuating raw material prices, which cannot be passed on to customers immediately/ completely. Availability of raw materials is seasonal in nature, as the production in a period majorly depends on the fish landings (fish availability) and the raw fish prices vary in tandem with catch in each market. MPL does not have formal long-term arrangements

with suppliers of key raw material. Fish meal prices also remain volatile depending on the demand supply dynamics, significant variation in the supply may adversely affect the company's operations and profitability.

#### **Exposure to changes in Government regulations and foreign currency fluctuation risk**

MPL derived a sizeable portion of its sales from the export markets and thus its profitability is supported to an extent by the export incentives received from the Government of India (GoI). Adverse change in rates of export incentives can hamper business profiles of all entities in the fish meal/fish oil business, including MPL. Ban or restriction on fishing can also affect the raw material availability. MPL remains exposed to forex fluctuation risk, which is mitigated to an extent as it hedges ~50% of its forex exposure through forward contracts.

#### **Liquidity: Adequate**

The liquidity position remained adequate marked by sufficient projected cash accruals in the range of ₹70-90 crore per annum against scheduled repayment obligations of ₹9-11 crore (including guaranteed debt) per annum in the next three years. The free cash and bank balance stood at ₹12.88 crore as on March 31, 2026. Average working capital utilisation for 12 months ending March 2026 stood at ~95% with the company availing ad-hoc bank limits to fund year-end inventory. As on March 31, 2026, the current ratio stood adequate at 1.19x (PY: 1.45x) and quick ratio stood at 0.37x (PY: 0.53x).

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

#### **Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

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[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Animal feed

MPL is engaged in production of fish meal, fish oil, and fish soluble paste from raw fish. It operates 10 manufacturing facilities, three blending facilities, and five storage facilities in Karnataka, Gujarat, and Oman. The company was originally established as a partnership firm in 2003 and was subsequently converted to a private limited company in 2010 and was listed on NSE and BSE in March 2024.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	1014.47	1467.54
PBILDT*	102.96	132.67
Profit after tax (PAT)	48.10	57.09
Overall gearing (x)	1.01	1.52
Interest coverage (x)	2.76	2.48

A: Audited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	30-04-2029	15.00	CARE BBB-; Negative
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	-	480.00	CARE BBB-; Negative / CARE A3

#### 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 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	480.00	CARE BBB-; Negative / CARE A3	-	1)CARE BBB; Negative / CARE A3+ (08-Jan-26)	1)CARE BBB+; Stable / CARE A2 (15-Jan-25)	-
2	Fund-based - LT-Term Loan	LT	15.00	CARE BBB-; Negative	-	1)CARE BBB; Negative (08-Jan-26)	-	-

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-CC/Packing Credit	Simple

#### Annexure-5: Lender details

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

#### Annexure-6: List of entities consolidated

Sr. No	Name of Entity	Extent of Consolidation	Rationale for Consolidation
1	Ocean Aquatic Proteins LLC	Full	Operational and Managerial Linkages
2	Atlantic Marine Products Private Limited	Full	
3	Haris Marine Products Private Limited	Full	
4	Ento Proteins Private Limited	Full	
5	Fabbco Bio Cycle and Bio Protein Technology Private Limited <sup>§</sup>	Full	
6	Mukka Frozen Impex <sup>§</sup>	Full	
7	Ocean Proteins Private Limited*	Full	
8	United Gulf Fishery Products LLC <sup>§</sup>	Full	
9	MPL HRC Eco Solutions LLP <sup>§</sup>	Full	

Sr. No	Name of Entity	Extent of Consolidation	Rationale for Consolidation
10	Progress Frozen and Fish Sterilization	Proportionate	
11	Pacific Marine Products	Proportionate	
12	Ullal Fish Meal and Oil Company	Proportionate	
13	Mangalore Fish Meal and Oil Company	Proportionate	
14	GSM Marine Exports <sup>#</sup>	Proportionate	

<sup>§</sup>Acquired subsidiary company during FY26

<sup>\*</sup>Converted from associate to subsidiary during FY26

<sup>#</sup>Acquired joint venture during FY26

Note: As on March 31, 2026

### Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

\* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

<sup>2</sup>SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

**Note on complexity levels of rated instruments:** CareEdge 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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