

Mukka Proteins Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	15.00	CARE BBB; Negative	Assigned
Long-term / Short-term bank facilities	480.00 (Enhanced from 360.00)	CARE BBB; Negative / CARE A3+	Downgraded from CARE BBB+; Stable / CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings downgrade and revision in the outlook to Negative from Stable follows the substantial elongation in working capital cycle of Mukka Proteins Limited (MPL) to 226 days in FY25 (PY: 99 days) owing to sizeable build up of inventory to 210 days (PY: 97 days) amidst moderating average realisations of fish meal in the year translating into weakening liquidity buffer as indicated by high average utilisation of working capital limits at 93% for 12 months ending October 31, 2025. MPL's revenue from operations declined by ~27% y-o-y in FY25, largely in line with expectations, on the back of falling global fish meal prices even as sales volume remained steady with ~190 bps y-o-y improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin to 10.15%. However, its debt coverage indicators deteriorated with total debt/gross cash accruals and PBILDT interest cover of 7.35x and 2.76x, respectively in FY25 (PY: 4.29x and 4.57x, respectively). The company's revenue grew by ~28% y-o-y in H1 FY26 to ₹415 crore with sustained profitability. With global fish meal prices showing an uptrend since October 2025, MPL is expected to report healthy revenue in H2FY26 considering its established customer relationships and healthy demand. With sustained high inventory of at ₹722 crore even at September 2025-end, the company's ability to normalise its inventory in the upcoming seasonally strong months 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 FY25, marked by overall gearing of 1.01x and PBILDT interest cover of 2.76x.

However, ratings remain constrained by MPL's working capital intensive operations driven substantial elongation in operating cycle in FY25. 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 1.25x and PBILDT interest cover above 4.0x 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.
- Higher-than-anticipated capex and/or investment in group entities resulting in deterioration in adjusted overall gearing above 1.3x 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.

Outlook: Negative

Revision in outlook to Negative from Stable reflects CARE Ratings Limited's (CareEdge Ratings') expectation of continued pressure on MPL's liquidity and debt coverage indicators owing to substantial increase in inventory holding. The outlook may be revised to

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

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 comfortable marked by overall gearing stood at 1.01x (PY: 0.89x) and TOL/TNW at 1.37x (PY: 1.30x) as on March 31, 2025. In FY25, debt coverage metrics stood adequate marked by PBILDT interest coverage at 2.76x (PY: 4.57x) and total debt to gross cash accruals (TD/GCA) at 7.35x (PY: 4.25x). However, overall gearing weakened to 1.32x and PBILDT interest coverage moderated to 1.47x in H1FY26 owing to subdued performance in the light of industry-wide headwinds of moderating prices and weak demand. 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 elongated to 226 days in FY25 compared to 99 days in FY24. Net cash flow from operations (CFO) stood negative in the last three years considering changes in working capital, in FY25 net CFO stood at negative ₹107 crore (PY: negative ₹147 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. In FY25, net forex gain stood at ~₹8 crore (PY: ~₹9 crore).

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 ₹6 crore as on September 30, 2025. Average working capital utilisation for 12 months ending October 2025 stood at ~93%. However, additional sanction of working capital limits of ₹100 crore since December 2025 provides some liquidity buffer. As on March 31, 2025, the current ratio stood comfortable at 1.45x (PY: 1.51x) and quick ratio stood at 0.53x (PY: 0.69x).

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](#)
[Manufacturing Companies](#)
[Financial Ratios – Non-financial Sector](#)
[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, 2024 (A)	March 31, 2025 (A)	H1 FY26 (UA)
Total operating income	1389.08	1014.47	415.35
PBILDT*	114.72	102.96	35.03
Profit after tax (PAT)	74.31	48.10	8.46
Overall gearing (x)	0.89	1.01	1.32
Interest coverage (x)	4.57	2.76	1.47

A: Audited UA: Unaudited; 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 2025-2026	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
1	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	480.00	CARE BBB; Negative / CARE A3+	-	1)CARE BBB+; Stable / CARE A2 (15-Jan-25)	-	-
2	Fund-based - LT-Term Loan	LT	15.00	CARE BBB; Negative	-	-	-	-

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 Biocycle & Bio protein technology	Full	
6	Mukka Frozen Impex	Full	
7	Ocean Proteins Private Limited	Proportionate	
8	Progress Frozen and Fish Sterilization	Proportionate	
9	Pacific Marine Products	Proportionate	
10	Ullal Fish Meal and Oil Company	Proportionate	
11	Mangalore Fish Meal and Oil Company	Proportionate	
12	GSM Marine Exports	Proportionate	

Note: As on September 30, 2025

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 for clarifications.

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