November 25, 2024

Mukka Proteins Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term Packing Credit	240.00	240.00	[ICRA]BBB+ (Stable)/ [ICRA]A2; outstanding
Short-term Standby Letter of Credit	9.94	9.94	[ICRA]A2; outstanding
Long-term Cash Credit	10.00	10.00	[ICRA]BBB+ (Stable); outstanding
Short-term Unallocated Limits	2.92	2.92	[ICRA]A2; outstanding
Total	**262.86**	**262.86**	

**Instrument details are provided in Annexure-1*

Rationale

Material Event

Mukka Proteins Limited (MPL) announced its Q2 FY2025 and H1 FY2025 financial results on November 14, 2024. In Q2 FY2025, MPL reported a consolidated operating income of Rs. 152.3 crore with a net profit of Rs. 0.6 crore (excluding share of profit from the joint venture [JV] of Rs. 0.8 crore). In H1 FY2025, the company reported an operating income of Rs. 321.7 crore and a net profit of Rs. 6.7 crore (excluding share of profit from the JV of Rs. 0.6 crore).

Impact of Material Event

ICRA has noted the weakening in the company's overall financial performance in H1 FY2025 on a YoY basis. ICRA has been engaging with the client to understand the reasons for the same as well as the outlook for the company. ICRA will continue to monitor the developments and assess the company's credit profile once clarity emerges on the same.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, and Rating sensitivities. Click here

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MPL along with its subsidiaries, associates and investee partnership firms, as enlisted in Annexure II.

About the company

Mukka Proteins Ltd. (MPL) was originally established in 2003 as a partnership firm. Subsequently, in 2010, the partnership firm was reconstituted as a private limited company and in 2019 it was converted into a public limited company. In March 2024, MPL's shares were listed on the National Stock Exchange and the Bombay Stock Exchange. The company produces fish meal, fish oil and fish soluble paste from raw fish. The company has a manufacturing unit and a blending unit in Mangalore. In FY2024, MPL derived ~66% of its standalone sales from the export market and the remaining from the domestic market. Vietnam, Chile and Taiwan are the company's major export destinations.

Key financial indicators (Audited)

Consolidated	FY2023	FY2024	H1 FY2025*
Operating income (Rs. crore)	1,178.4	1,389.1	321.7
PAT (Rs. crore)	46.1	71.2	6.7
OPBDIT/OI	7.8%	8.3%	7.6%
PAT/OI	3.9%	5.1%	2.1%
Total outside liabilities/Tangible net worth (times)	2.7	1.3	1.2
Total debt/OPBDIT (times)	2.8	3.2	8.7
Interest coverage (times)	5.6	4.6	1.4

*Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations*

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2025)			Chronology of Rating History for the past 3 years			
		Type	Amount rated (Rs. crore)	Date & rating in FY2025 25-Nov-24	Date & rating in FY2024 16-Oct-23	Date & rating in FY2024 21-Aug-23	Date & rating in FY2023 10-Nov-22	Date & rating in FY2022 5-Oct-21
1	Packing Credit	Long-term/ Short-term	240.00	**[ICRA]BBB+ (Stable)/ [ICRA]A2**	[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB- (Stable)/ [ICRA]A3
2	Standby Letter of Credit	Short-term	9.94	**[ICRA]A2**	[ICRA]A2	[ICRA]A2	[ICRA]A3+	[ICRA]A3
3	Cash Credit	Long-term	10.00	**[ICRA]BBB+**	[ICRA]BBB+	--	--	--
4	Unallocated Limites	Short-term	2.92	**[ICRA]A2**	[ICRA]A2	--	--	--
5	Terms Loans	Long-term	--	**--**	--	--	[ICRA]BBB (Stable)	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Packing Credit	Simple
Standby Letter of Credit	Very Simple
Cash Credit	Simple
Unallocated Limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Packing Credit	NA	NA	NA	240.00	[ICRA]BBB+ (Stable)/ [ICRA]A2
NA	Standby Letter of Credit	NA	NA	NA	9.94	[ICRA]A2
NA	Cash Credit	NA	NA	NA	10.00	[ICRA]BBB+ (Stable)
NA	Unallocated Limits	NA	NA	NA	2.92	[ICRA]A2

Source: *Company*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	MPL Ownership/Profit Sharing Ratio^	Consolidation Approach
Haris Marine Products Private Limited (HMPPL)	98.0%	Full Consolidation
Ocean Aquatic Proteins LLC, Oman	63.0%	Full Consolidation
Atlantic Marine Products Private Limited	50.9%	Full Consolidation
Ento Proteins Private Limited	50.0%	Full Consolidation
Pacific Marine Products	31.3%	Equity Method
Progress Frozen and Fish Sterilization	51.0%	Equity Method
MFSI Bangladesh Limited	49.0%	Equity Method
Ocean Proteins Private Limited	40.0%	Equity Method
Ullal Fish Meal and Oil Company	96.0%	Equity Method
Mangalore Fish Meal and Oil Company	-*	Equity Method

*Source: MPL; *90% owned by HMPPL, ^as on March 31, 2024*

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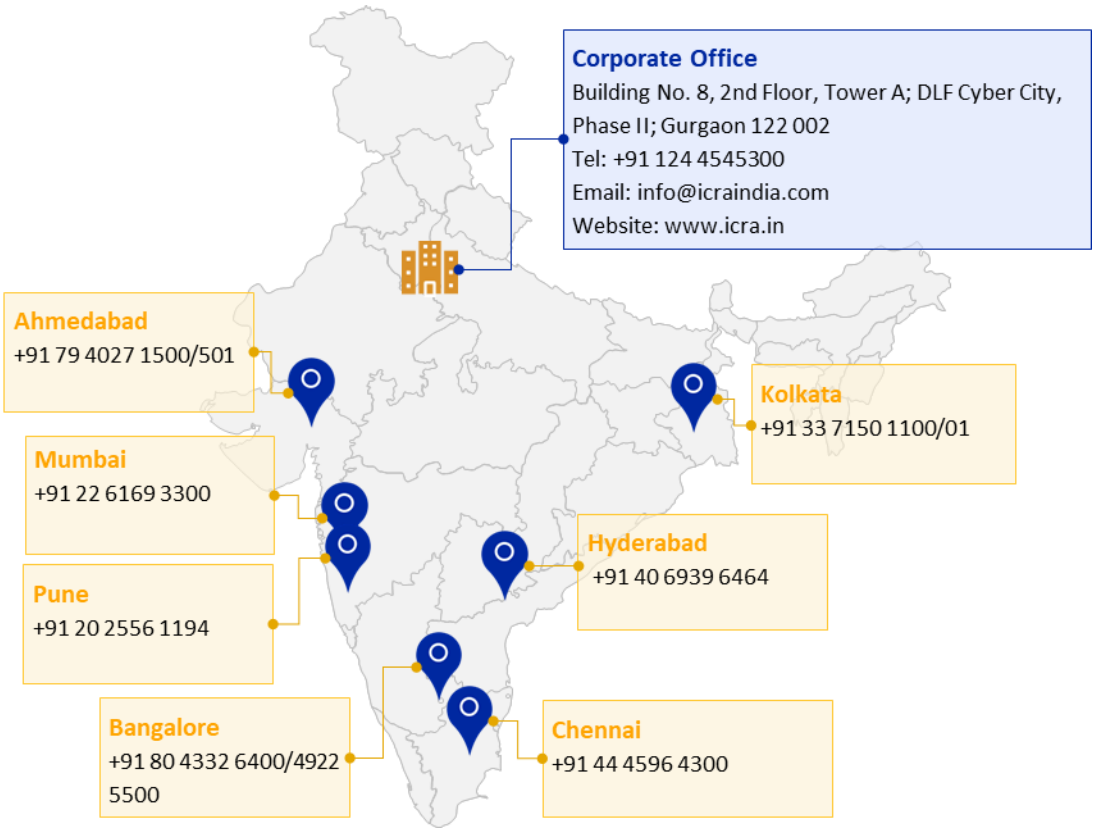

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