



Press Release
NAQ FOODS INDIA PRIVATE LIMITED
June 10, 2025
Rating Reaffirmed & Withdrawn

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|--------------------------------------|-------------------|
| Bank Loan Ratings | 17.00 | ACUITE BBB- Reaffirmed & Withdrawn | - |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 17.00 | - | - |

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs.17.00 Cr. bank facilities of NAQ Foods India Private Limited (NFIPL). The rating is being withdrawn on account of the request received from the company and the No Objection Certificate (NOC) received from the banker as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Rationale for rating

The rating reaffirmation is supported by steady improvement in operating performance in the current fiscal. The rating also factors in extensive experience of management and long operational track record of the group couple with efficient working capital management. However, the rating is constrained due to moderate financial risk profile, susceptibility of profitability to volatility in raw material prices and regulatory risks.

About the Company

Established in 2018 and based in Eluru, (Andhra Pradesh), NAQ Foods India Private Limited (NFIPL) is promoted by Ms. Nukala Ammaji and family. The company is primarily engaged in the business of freezing and exporting of shrimps as a merchant exporter.

About the Group

Established in 2008 and based in Denduluru, (Andhra Pradesh), Naga Hanuman Agro Oils Private Limited (NHAOPL) is promoted by Mr. Nukala Ramakrishna and family. The company is primarily engaged in diverse activities like refining rice bran oil, rice milling, and other agriculture and horticulture related activities.

Established in 1999 and based in Vishakhapatnam, (Andhra Pradesh), Nukala Ramakrishna (NRK) is the proprietor of the proprietorship firm 'Naga Hanuman Fish Packers'. The firm initially ventured into the business of cultivation and trading of fish. Later, the firm diversified into processing and exporting of shrimps.

Established in 2004 and based in Vishakhapatnam, (Andhra Pradesh), Naga Hanuman Solvent Oils Private Limited (NHSOPL) is promoted by Mr. Nukala Ramakrishna and family. The company is primarily engaged in the business of extracting, processing and refining oils and other extracts (edible and non-edible).

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

For arriving at this rating, Acuité has consolidated the business and financial risk profiles of Nukala Ramakrishna (NRK), Naga Hanuman Agro Oils Private Limited (NHAOPL), Naga Hanuman Solvent Oils Private Limited

(NHSOPL) and NAQ Foods India Private Limited (NF IPL) together referred to as the 'Naga Hanuman Group (NHN Group)'. The consolidation is in the view of common management, similar line of business in food processing industry and operational and financial linkages between the entities.

Key Rating Drivers

Strengths

Promoters' extensive experience in food processing industry; Established regional player in Andhra Pradesh

NHN Group is promoted by Mr. Nukala Ramakrishna who has been associated with the group since its inception; this has helped the group to establish a strong market presence. Mr. N Ramakrishna looks after the day-to-day operations of the group and is assisted by his son Mr. N Lakshmana Rao and Mr. N. Balaji along with a team of experienced professionals. The group caters to the international customers by exporting the products into various countries namely USA, China, UAE and South Korea amongst others. In the domestic market, the group supplies its products in the state of Gujarat, Madhya Pradesh, Tamil Nadu, Maharashtra, Punjab, Andhra Pradesh and Telangana amongst others. Over the years, Naga Hanuman group has developed a positive brand value in mindset of the stakeholders such as farmers, customers and creditors and is among the top renowned brand in the southern region of India. Acuité believes that the group will continue to derive benefits from its promoter's experience, its established presence and diversified geographical coverage providing stable revenue visibility in the medium term.

Steady improvement in operating performance

The group has reported revenue of Rs.1422.31 Cr in FY25(Prov.) against Rs.1158.07 Cr of FY24. The revenue in FY25 has primarily improved due to improved production and improvement in quantity and stable realizations in Naga Hanuman Solvent Oils Private Limited and NAQ Foods India Private Limited. The operating margins stood at 3.40 percent in FY25(Prov.) against 3.59 percent in FY24. The PAT margins stood at 0.96 percent in FY25(Prov.) against 1.03 percent in FY24. As the group has done capex towards installation of new boilers and capacity expansion which improves the productivity and eliminates the bottlenecks production process.

Efficient working capital management

Naga Hanuman Group's working capital cycle is efficiently managed which is evident from the Gross Current Asset (GCA) days of 62 days as on March 31, 2025(Prov.) as against 99 days as on March 31, 2024. Improvement in GCA days is due to improvement in the debtor days to 26 days in FY25(Prov.) as against 58 days in FY24. Creditor days stood at 6 days as on March 31, 2025(Prov.) as against 15 days as on March 31, 2024. The inventory days of the group stood at 34 days in FY25(Prov.) as against 32 days in FY24. Moderate GCA days led to the moderate dependency on the working capital limits, which were utilized at an average of 68.23 percent during the past 11 months ending February 2025. Acuité believes that working capital cycle of the group will remain similar in near to medium term.

Weaknesses

Moderate financial risk profile

Financial risk profile of the group is moderate marked by moderate net worth, capital structure and debt protection metrics. The group's net worth improved to Rs. 126.98 Cr as on March 31, 2025(Prov.) from Rs.109.47 Cr as on March 31, 2024. Group's capital structure has marginally improved with gearing and total outside liabilities to total net worth (TOL/TNW) of 1.66 times and 2.04 times respectively as on March 31, 2025(Prov.) as against 2.65 times and 3.21 times as on March 31, 2024. The coverage indicators were healthy with DSCR of 1.21 times as on March 31st, 2025(Prov.) as against 1.45 times as on March 31st, 2024. Interest coverage stood at 1.86 times as on March 31st, 2025(Prov.) as against 2.35 times as on March 31st, 2024. Debt to EBITDA further improved to 3.87 times during FY25(Prov.) from 6.70 times during previous year. Acuité believes that the financial risk profile of the group will remain moderate over medium term due to higher reliance on short-term debt for working capital management.

Susceptibility of profitability to volatility in raw material prices and regulatory risks

The shrimp processing and export business is highly fragmented with presence of several small players and dependence on shrimp farms for raw material which limits bargaining power. Additionally, the procurement price of shrimp depends on catch and availability during a particular period, which exposes the company to volatility in product prices. The Indian edible oil industry is highly fragmented, with the presence of many participants in the organized and unorganized sectors. This is due to low entry barriers such as low capital, low technical requirements of the business and liberal policy regime. This has resulted in severe competition and inherently thin profitability margins. Furthermore, as a portion of the revenue is generated from exports, the credit risk profile remains susceptible to volatility in forex rates. Besides, the company is also exposed to risk arising from regulatory changes and demand patterns in client countries and changes such as levy of anti-dumping duties by importing countries.

Rating Sensitivities

Not Applicable

Liquidity Position**Adequate**

Naga Hanuman group's liquidity position is adequate which is evident from sufficient net cash accruals (NCA) against the debt repayment obligations. The group generated NCA of Rs.22.04 Cr. in FY25(Prov.) as against repayment obligation of Rs.13.27 Cr. in the same period. The group has moderate unencumbered cash and bank balances of Rs.1.04 Cr as on March 31, 2025(Prov.). Efficient working capital operations have led to moderate reliance on the fund based working capital limits, which were utilized in the range of ~68 percent during the past 11 months ending February 2025. Besides current ratio of the group stood at 1.24 times as on March 31, 2025(Prov.). Acuite believes that liquidity position of the group will remain adequate in the near to medium term.

Outlook: Not Applicable**Other Factors affecting Rating**

None

Key Financials

| Particulars | Unit | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 1422.31 | 1158.07 |
| PAT | Rs. Cr. | 13.66 | 11.96 |
| PAT Margin | (%) | 0.96 | 1.03 |
| Total Debt/Tangible Net Worth | Times | 1.66 | 2.65 |
| PBDIT/Interest | Times | 1.86 | 2.35 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|-----------|-----------------|--|
| 07 Apr 2025 | Cash Credit | Long Term | 2.00 | ACUITE BBB- Stable (Upgraded from ACUITE C) |
| | PC/PCFC | Long Term | 15.00 | ACUITE BBB- Stable (Upgraded from ACUITE C) |
| 06 Dec 2024 | Cash Credit | Long Term | 2.00 | ACUITE C (Downgraded from ACUITE BBB- Stable) |
| | PC/PCFC | Long Term | 15.00 | ACUITE C (Downgraded from ACUITE BBB- Stable) |
| 15 Apr 2024 | Cash Credit | Long Term | 2.00 | ACUITE BBB- Stable (Reaffirmed (Negative to Stable)) |
| | PC/PCFC | Long Term | 15.00 | ACUITE BBB- Stable (Reaffirmed (Negative to Stable)) |
| 16 Jan 2023 | Cash Credit | Long Term | 2.00 | ACUITE BBB- Negative (Reaffirmed (Stable to Negative)) |
| | PC/PCFC | Long Term | 15.00 | ACUITE BBB- Negative (Reaffirmed (Stable to Negative)) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------------|----------------------|-------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|--------------------------------------|
| Yes Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 2.00 | Simple | ACUITE BBB- Reaffirmed & Withdrawn |
| Yes Bank Ltd | Not avl. / Not appl. | PC/PCFC | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 15.00 | Simple | ACUITE BBB- Reaffirmed & Withdrawn |

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

| Sr. No. | Company Name |
|----------------|---|
| 1. | Nukala Ramakrishna |
| 2. | Naga Hanuman Agro Oils Private Limited |
| 3. | Naga Hanuman Solvent Oils Private Limited |
| 4. | NAQ Foods India Private Limited |

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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