



**Press Release**  
**NUKALA RAMAKRISHNA**  
**April 07, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BBB-   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to '**ACUITE BBB-(read as ACUITE triple B minus)**' from '**ACUITE C (read as ACUITE C)**' on Rs.100 Cr. bank facilities of Nukala Ramakrishna. The outlook is '**Stable**'.

**Rationale for rating upgrade**

Earlier the rating was downgraded basis delays observed in debt servicing as per CRIF Report in two of the group companies namely: Naga Hanuman Agro Oils Private Limited (NHAOPL) and NAQ Foods India Private Limited (NFIPL). Since the rating of Nukala Ramakrishna arrived after considering consolidation with its group companies, the rating of Nukala Ramakrishna was downgraded as well. The rating upgrade considers written feedback received from the banker clarifying the reason for delays observed in the Credit Bureau Information Report (CRIF). The delay in servicing the term loan in the month of November 2024 was due to the incorrect calculation of drawing power (DP) in cash credit account, led to short debiting of interest by Rs. 31,505 while NHAOPL maintained adequate liquidity of around Rs. 1 lakh in Cash credit account on due date. Since these anomalies were beyond the control of the borrower to remit the payment, thus taking exception on the curing period. Also, on the basis of receipt of term loan account statements evidencing timely payments of loan obligation in the month of August 2024 along with banker feedback clarifying erroneous reporting in CRIF for NFIPL.

The rating further draws support from the steady improvement in operating performance in the current fiscal. The rating also factors in the 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 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.

**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 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).

Established in 2018 and based in Eluru, (Andhra Pradesh), NAQ Foods India Private Limited (NAQFPL) 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.

**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 (NAQFPL) 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 Gujrat, 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 registered revenue of Rs.1158.07 Cr in FY24 against Rs.1134.74 Cr of FY23. Growth in revenue of Naga Hanuman Solvent Oils Private Limited and NAQ foods India Private Limited is partially offset by decline in revenue of Naga Hanuman Agro Oils Private Limited and Nukala Ramakrishna during FY24. However, the group revenues poised to improve marginally as they reported Rs.1246.31 Cr of revenue in 11MFY25, primarily supported by 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 improved marginally and stood at 3.59 percent in FY24 against 3.05 percent in FY23. The PAT margins stood at 1.03 percent in FY24 against 0.84 percent in FY23. This is supported by the 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 99 days as on March 31, 2024 as against 86 days as on March 31, 2023. GCA days deteriorated marginally in FY24 because of elongation in the debtor days to 58 days in FY24 as against 48 days in FY23. The increase was due to the delays in the debtor's realization in Naga Hanuman Solvent Private Limited which impacted the debtors at consolidated levels too. Creditor days stood at 15 days as on March 31, 2024 as against 22 days as on March 31, 2023. This was as a result of decline in the creditor levels in Nukala Ramakrishna & NAQ Foods India Private limited as they were trying to reduce the levels of creditors. The inventory days of the group stood at 32 days in both FY24 & FY23. However, if we see Naga Hanuman Solvent Private Limited inventory levels have reduced on the other hand the great increase in seen NAQ Foods India Private Limited. 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. Acuite believes that the working capital cycle of the group will remain stable in the medium term.

### Weaknesses

#### **Moderate financial risk profile**

The financial risk profile of the group remained moderate marked by moderate net worth, capital structure and debt protection metrics. The group's net worth improved to Rs. 109.47 Cr. as on March 31, 2024 from Rs.98.48 Cr. as on March 31, 2023. Group's capital structure has marginally deteriorated with gearing and total outside liabilities to total net worth (TOL/TNW) of 2.65 times and 3.21 times respectively as on March 31, 2024 as against 2.36 times and 3.21 times as on March 31, 2023. The coverage indicators were healthy with DSCR of 1.45 times as on March 31st 2024 as against 2.02 times as on March 31st 2023. Interest coverage stood at 2.35 times as on March

31st 2024 as against 2.49 times as on March 31st 2023. Debt to EBITDA further deteriorated to 6.70 times during FY24 from 6.13 times during the previous year. Acuite believes that the financial risk profile of the group will remain moderate over the 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**

- Significant improvement in the scale of operations and profitability.
- Elongation in working capital cycle.
- Changes in the financial risk and credit risk profile of the group.

#### **Liquidity Position**

##### **Adequate**

Naga Hanuman group's liquidity position is adequate which is evident from sufficient net cash accruals (NCA) of Rs. 23.20-26.75 Cr. against the debt repayment obligations of Rs. 13.27-12.22 Cr. The group has moderate unencumbered cash and bank balances of Rs.11.35 Cr. as on March 31, 2024, which provides additional comfort towards liquidity. 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 1.27 times as on March 31, 2024 as against 1.10 times as on March 31, 2023. Acuite believes that liquidity position of the group will remain adequate in the medium term because of sufficient NCA generation.

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1158.07	1134.74
PAT	Rs. Cr.	11.96	9.51
PAT Margin	(%)	1.03	0.84
Total Debt/Tangible Net Worth	Times	2.65	2.36
PBDIT/Interest	Times	2.35	2.49

**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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Dec 2024	PC/PCFC	Long Term	20.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	PC/PCFC	Long Term	30.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	PC/PCFC	Long Term	50.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
15 Apr 2024	PC/PCFC	Long Term	30.00	ACUITE BBB-   Stable (Downgraded (Negative to Stable) from ACUITE BBB   Negative)
	PC/PCFC	Long Term	50.00	ACUITE BBB-   Stable (Downgraded (Negative to Stable) from ACUITE BBB   Negative)
	PC/PCFC	Long Term	20.00	ACUITE BBB-   Stable (Downgraded (Negative to Stable) from ACUITE BBB   Negative)
16 Jan 2023	PC/PCFC	Long Term	30.00	ACUITE BBB   Negative (Assigned)
	PC/PCFC	Long Term	35.00	ACUITE BBB   Negative (Reaffirmed (Stable to Negative))
	PC/PCFC	Long Term	15.00	ACUITE BBB   Negative (Assigned)
	PC/PCFC	Long Term	20.00	ACUITE BBB   Negative (Assigned)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE C )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE BBB-   Stable   Upgraded ( from ACUITE C )

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

Sr. No.	Company Name
1.	Nukala Ramakrishna ( Naga Hanuman Fish Packers)
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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