



## Press Release

### Kings Infra Ventures Limited

November 11, 2022

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	11.50	IVR C/ Stable (IVR Single C with Stable Outlook)	Revised from IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Simple
Short Term Bank Facilities	3.00	IVR A4 (IVR A Four)	Reaffirmed	Simple
<b>Total</b>	<b>14.50 (Rupees Fourteen crore and Fifty lakh only)</b>			
Non-Convertible Debentures (NCDs; ISIN: INE050N07215)	0.02	IVR D (IVR Single D)	Revised from IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Simple
Non-Convertible Debentures (NCDs)	9.07	IVR C/ Stable (IVR Single C with Stable Outlook)	Revised from IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Simple
Proposed Non-Convertible Debentures (Proposed NCDs)	15.91	IVR C/ Stable (IVR Single C with Stable Outlook)	Revised from IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Simple

Details of Facilities are in Annexure 1

#### Detailed Rationale

The revision of the rating assigned to Kings Infra Ventures Limited (KIVL's) NCDs (ISIN: INE050N07215) factors in the delay in the debt servicing on the said NCD. Consequently, the ratings assigned to the bank facilities and other NCDs (including the Proposed NCDs) were also revised. The ratings assigned to the bank facilities and other NCDs (including the Proposed NCDs) continue to be tempered by KIVL's small scale of operations, limited experience of the promoters in the aquaculture industry, presence in a highly fragmented industry coupled with intense competition, and working capital intensive nature of business.



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The ratings continue to factor in the favourable location, consistent demand for seafood products in international market and moderate capital structure and debt protection metrics.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Continuous timely servicing of debt obligations for at least 90 days.
- Sustained growth in sale of operation with improvement in profitability metrics with EBITDA margin above 14% leading to improvement in cash accruals
- Effective working capital management with improvement in operating cycle below 100 days and further improvement in liquidity.

### **Key Rating Drivers with detailed description:**

#### **Key Rating Weaknesses**

#### **Delay in the debt servicing on NCD (ISIN: INE050N07215)**

Vide email dated November 9, 2022, the Debenture Trustee (DT) informed IVRL of delay in payment of principal on ISIN INE050N07215 which was due on November 8, 2022. The DT further confirmed that the principal payment was done by the company on November 9, 2022.

#### **Small scale of operations**

The scale of operations of the company continues to remain small over the years despite KIVL's long presence in the industry. The total operating income of the company was modest at Rs.37.98 crore in FY21 over Rs.33.14 crore and the same remained modest at Rs.39.81 crore in FY22. KIVL's networth stood at Rs.27.17 crore as on March 31, 2021 over Rs.25.76 crore as on March 31, 2020. The same stood at Rs.30.15 crore as on March 31, 2022. EBITDA and PAT margin have improved to 10.60% and 3.75% respectively in FY21 over 7.86% and 1.15% in FY20, mainly on account of improvement in selling price for exports. The same have further improved to 12.83% and 7.20% respectively in FY22, mainly on account of improvement in raw material prices. The small scale of operations restricts the financial flexibility of the company to an extent.

#### **Limited experience of the promoters in the aquaculture industry**

KIVL's operations are managed by the promoters Mr. Shaji Baby John and Mr. Baby John Shaji who were engaged in real estate business for a long time. They diversified into the sea food processing and export business in 2017.



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### **Highly fragmented industry coupled with intense competition**

The aquaculture industry is highly fragmented and competitive with the presence of large number of organised and unorganised players. As a result, the company faces intense competition. There is a high risk of losing export orders if the quality of the processed food is not in line with the international food requirements.

### **Working capital intensive nature of business**

The operating cycle of the company stood at 256 days in FY22, due to high inventory period which stood at 195 days in FY22. The inventory period remains high due to the nature of aqua farming business as the same is a time-consuming process.

### **Key Rating Strengths**

#### **Favourable location for breeding and processing of sea food**

Tamil Nadu has the second longest coastline in the country with rich natural resources in coastal areas for coastal aqua farming. The company's processing facility is located near the aqua farms. The total estimated brackish water area of Tamil Nadu of about 56,000 ha is under capture fisheries and an area of 6115.68 ha is under coastal aquaculture production, mainly shrimp aquaculture.

#### **Consistent demand for seafood products in international market**

The main product of the company is Vannamei shrimps which has a huge demand in domestic as well as in global market like USA, Japan, European Union and Asia/ Asia Pacific and other markets. India is one of the top exporter in aquaculture sector. The Vannamei shrimps packed as head-on and headless in frozen blocks or shatter packs in retail as well as institutional packs, cuttlefish, squids, octopus and other fish varieties. The company has diversified client base in global market as well as in the domestic market.

#### **Moderate capital structure and debt protection metrics**

The overall gearing ratio and TOL/TNW marginally deteriorated to 0.85x and 1.00x respectively as on March 31, 2021 from 0.60x and 0.78x respectively as on March 31, 2020. However, the same improved to 0.75x and 0.88x respectively as on March 31, 2022, mainly on account of improvement in tangible net worth. Interest coverage ratio has improved to 2.06x in FY21 over 1.24x in FY20, the same has further improved to 2.41x in FY22, mainly on account of improvement in profit margin. Total debt to GCA has improved to 14.54 years in FY21 over 35.74 years in FY20 and the same has further improved to 6.98 years in FY22.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Policy on Default Recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating methodology for Manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

**Liquidity: Poor**

The liquidity of the company is poor with expected gross cash accruals of Rs.4.15 crore and debt repayment of Rs.3.02 crore due in FY23. Further, the company's working capital limit is almost fully utilised with average utilisation of 97% for 12 months ending March 2022. The company is expected to incur capex of Rs.3.70 crore in FY23-24 out of internal accruals. However, there is delay in the debt servicing on the NCD (ISIN: INE050N07215) as mentioned above.

**About the Company**

KIVL was incorporated in the year 1987. Earlier, the company was engaged in real estate and properties business. From the year 2017 onwards, the company diversified its business activity in sea food processing business. From FY21 onwards, the company is engaged only in sea food processing business. KIVL's cultivation and processing facility is located at Tuticorin, Tamil Nadu. It owns land of 126 acres. The company has a harvesting capacity of 440 MTPA after sourcing the stock from the farmers.

KIVL is promoted by Mr. Shaji Baby John and his son, Mr. Baby John Shaji. Both have been associated with the aquaculture industry from last five years. The company is deriving revenue from domestic market (62%) and through exports (38%) to countries like China, Vietnam, UAE, Spain and U.S.

KIVL has incorporated a subsidiary company namely 'Kings Sista360 Pvt Ltd (KSPL)' dated March 3, 2022. The plan is to bring 10,000 aqua entrepreneurs under KSPL over the next five



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years. The new initiative is expected to create a sustainable and traceable supply chain of over USD 500 million in the next five years.

### Financials (Standalone):

(Rs. crore)

For the year ended/As on*	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	37.98	39.81
EBITDA	4.03	5.11
PAT	1.43	2.96
Total Debt	23.12	22.55
Tangible Net Worth	27.17	30.15
<b>Ratios</b>		
EBITDA Margin (%)	10.60	12.83
PAT Margin (%)	3.75	7.20
Overall Gearing Ratio(x)	0.85	0.75

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (July 25, 2022)	Date(s) & Rating(s) assigned in 2021-22 (January 14, 2022)	Date(s) & Rating(s) assigned in 2020-21 (January 18, 2021)	Date(s) & Rating(s) assigned in 2019-20
1.	Non-Convertible Debentures (ISIN: INE050N07215)	Long Term	0.02	IVR D	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
2.	Non-Convertible Debentures (Other ISINs)	Long Term	9.07	IVR C/ Stable	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
3.	Proposed Non-Convertible Debentures	Long Term	15.91	IVR C/ Stable	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-





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3.	Long Term Bank Facilities	Long Term	11.50	IVR C/ Stable	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
4.	Short Term Bank Facilities	Short Term	3.00	IVR A4	IVR A4	IVR A4; Issuer Not Cooperating*	IVR A4	-

\* Issuer did not cooperate; based on best available information

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

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in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Instruments/ Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
NCD	INE050N07215	November 9, 2020	12.75%	November 8, 2022	0.02	IVR D
NCD	INE050N07033	June 22, 2020	13.00%	June 22, 2023	0.19	IVR C/ Stable
NCD	INE050N07058		14.87%	June 22, 2025	0.05	IVR C/ Stable
NCD	INE050N07058		14.87%	June 22, 2025	0.05	IVR C/ Stable
NCD	INE050N07058		14.87%	June 22, 2023	0.05	IVR C/ Stable
NCD	INE050N07025		12.50%	June 22, 2025	0.15	IVR C/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.03	IVR C/ Stable
NCD	INE050N07017		12.25%	June 22, 2023	0.04	IVR C/ Stable
NCD	INE050N07025		12.50%	June 22, 2025	0.15	IVR C/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR C/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR C/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR C/ Stable
NCD	INE050N07090		September 8, 2020	13.00%	September 8, 2023	0.08
NCD	INE050N07090	13.00%		September 8, 2023	0.32	IVR C/ Stable
NCD	INE050N07082	12.50%		September 8, 2023	0.13	IVR C/ Stable



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Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook	
NCD	INE050N07082		12.50%	September 8, 2023	0.04	IVR C/ Stable	
NCD	INE050N07074		13.00%	September 8, 2023	0.04	IVR C/ Stable	
NCD	INE050N07082		12.50%	September 8, 2023	0.15	IVR C/ Stable	
NCD	INE050N07082		12.50%	September 8, 2023	0.10	IVR C/ Stable	
NCD	INE050N07108	October 22, 2020	12.50%	October 22, 2023	0.15	IVR C/ Stable	
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07116		13.00%	October 22, 2023	0.05	IVR C/ Stable	
NCD	INE050N07124		12.75%	October 22, 2022	0.05	IVR C/ Stable	
NCD	INE050N07132		13.00%	October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07140		12.25%	October 22, 2022	0.10	IVR C/ Stable	
NCD	INE050N07165		14.87%	October 22, 2025	0.04	IVR C/ Stable	
NCD	INE050N07165		14.87%	October 22, 2025	0.02	IVR C/ Stable	
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07173		November 9, 2020	14.87%	October 22, 2025	0.27	IVR C/ Stable
NCD	INE050N07173			14.87%	October 22, 2025	0.27	IVR C/ Stable
NCD	INE050N07173			14.87%	October 22, 2025	0.40	IVR C/ Stable
NCD	INE050N07181	13.00%		October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07199	12.50%		October 22, 2023	0.03	IVR C/ Stable	
NCD	INE050N07181	13.00%		October 22, 2023	0.04	IVR C/ Stable	
NCD	INE050N07173	14.87%		October 22, 2025	0.01	IVR C/ Stable	





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Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
NCD	INE050N07173		14.87%	October 22, 2025	0.08	IVR C/ Stable
NCD	INE050N07199		12.50%	October 22, 2023	0.02	IVR C/ Stable
NCD	INE050N07249	November 23, 2020	12.75%	November 23, 2022	0.02	IVR C/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.10	IVR C/ Stable
NCD	INE050N07231		12.50%	November 23, 2023	0.01	IVR C/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.01	IVR C/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.02	IVR C/ Stable
NCD	INE050N07272	December 10, 2020	12.25%	December 10, 2022	0.05	IVR C/ Stable
NCD	INE050N07264		12.50%	December 10, 2023	0.10	IVR C/ Stable
NCD	INE050N07264		12.50%	December 10, 2023	0.02	IVR C/ Stable
NCD	INE050N07298	December 22, 2020	13.00%	December 22, 2023	0.10	IVR C/ Stable
NCD	INE050N07314		12.75%	December 22, 2022	0.02	IVR C/ Stable
NCD	INE050N07330	January 22, 2021	12.50%	January 22, 2024	0.15	IVR C/ Stable
NCD	INE050N07348		14.87%	January 22, 2026	0.05	IVR C/ Stable
NCD	INE050N07355		12.25%	January 22, 2023	0.02	IVR C/ Stable
NCD	INE050N07363		12.75%	January 22, 2023	0.02	IVR C/ Stable
NCD	INE050N07363		12.75%	January 22, 2023	0.01	IVR C/ Stable
NCD	INE050N07371		13.00%	January 22, 2024	0.04	IVR C/ Stable
NCD	INE050N07371		13.00%	January 22, 2024	0.05	IVR C/ Stable
NCD	INE050N07348		14.87%	January 22, 2026	0.02	IVR C/ Stable
NCD	INE050N07389		14.87%	January 22, 2026	0.01	IVR C/ Stable



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Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
NCD	INE050N07397	February 15, 2021	12.75%	February 15, 2023	0.02	IVR C/ Stable
NCD	INE050N07405		12.25%	February 15, 2023	0.05	IVR C/ Stable
NCD	INE050N07413		14.87%	February 15, 2026	0.05	IVR C/ Stable
NCD	INE050N07413		14.87%	February 15, 2026	0.03	IVR C/ Stable
NCD	INE050N07447	February 25, 2021	14.87%	February 25, 2026	0.02	IVR C/ Stable
NCD	INE050N07470		12.50%	March 25, 2024	0.06	IVR C/ Stable
NCD	INE050N07496	March 17, 2021	12.50%	March 17, 2024	0.05	IVR C/ Stable
NCD	INE050N07496		12.50%	March 17, 2024	0.06	IVR C/ Stable
NCD	INE050N07512	May 26, 2021	14.87%	May 26, 2026	0.02	IVR C/ Stable
NCD	INE050N07546	June 16, 2021	13.00%	June 16, 2024	0.04	IVR C/ Stable
NCD	INE050N07553		12.25%	June 16, 2023	0.05	IVR C/ Stable
NCD	Under process	Not available	Not available	Not available	4.40	IVR C/ Stable
Proposed NCD	-	-	-	-	15.91	IVR C/ Stable
GECL		-	-	June 30, 2023	2.40	IVR C/ Stable
Cash Credit		-	-	-	8.00	IVR C/ Stable
COVID-19 Emergency Credit Facility (CECF)		-	-	-	1.10	IVR C/ Stable
Foreign documentary demand bills/Usa		-	-	-	3.00	IVR A4



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Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
nce Bills, backed by Confirmed LCs of Bank's Approved (FO(U)B NLC)						

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Kings-Infra-nov22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).