



Press Release

Kings Infra Ventures Limited

August 24, 2023

The revised press release is provided in relation to the Press Release published on July 25, 2022. The revised press release mentions the following:

- Detailed explanation of covenants of the rated instrument/facilities as per the regulator guidelines.

Link to the press release dated July 25, 2022, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-Kings-Infra-25july22.pdf>

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	11.50 (reduced from Rs.13.58 crore)	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Reaffirmed and removed from Issuer Not Cooperating category	Simple
Short Term Bank Facilities	3.00 (reduced from Rs.4.42 crore)	IVR A4 (IVR A Four)	Reaffirmed and removed from Issuer Not Cooperating category	Simple
Total	14.50 (Rupees Fourteen crore and Fifty lakh only)			
Non-Convertible Debentures	9.09 (enhanced from Rs.3.95 crore)	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Reaffirmed and removed from Issuer Not Cooperating category	Simple
Proposed Non-Convertible Debentures	15.91 (reduced from Rs.21.05 crore)	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Reaffirmed and removed from Issuer Not Cooperating category	Simple

Details of Instruments/ Facilities are in Annexure 1

Detailed Rationale



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Infomerics had migrated the ratings assigned to Kings Infra Ventures Limited's (KIVL's) Non-Convertible Debentures (NCDs) and bank facilities to the 'ISSUER NOT COOPERATING' category vide Press Release dated January 14, 2022 because of non-receipt of information for monitoring the ratings. Subsequently, the company has provided the requisite information. Based on this, Infomerics has removed the ratings from the 'ISSUER NOT COOPERATING' category.

The ratings assigned to the NCDs and bank facilities of KIVL derives strength from its favourable location, consistent demand for seafood products in international market and moderate capital structure and debt protection metrics. The ratings are, however, constrained by the 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.

Key Rating Sensitivities:

Upward Factors

- 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.

Downward Factors

- Decline in operating income or EBITDA below 6%
- Deterioration in the capital structure and debt protection metrics.

List of Key Rating Drivers with Detailed Description

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.



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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 has improved to 6.98 years in FY22.

Key Rating Weaknesses

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



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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.

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.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodologies for Manufacturing Companies](#)

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

Liquidity – Stretched

The liquidity of the company is stretched 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.

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



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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 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
Ratios		
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:



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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 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	Long Term	9.09	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
2.	Proposed Non-Convertible Debentures	Long Term	15.91	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
3.	Long Term Bank Facilities	Long Term	11.50	IVR BB-/ Stable	IVR BB-; Issuer Not Cooperating*	IVR BB-/ Stable	-
4.	Short Term Bank Facilities	Short Term	3.00	IVR A4	IVR A4; Issuer Not Cooperating*	IVR A4	-

* Issuer did not cooperate; based on best available information

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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.



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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

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point 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 Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
NCD	INE050N07033	June 22, 2020	13.00%	June 22, 2023	0.19	IVR BB-/ Stable
NCD	INE050N07058		14.87%	June 22, 2025	0.05	IVR BB-/ Stable
NCD	INE050N07058		14.87%	June 22, 2025	0.05	IVR BB-/ Stable
NCD	INE050N07058		14.87%	June 22, 2023	0.05	IVR BB-/ Stable
NCD	INE050N07025		12.50%	June 22, 2025	0.15	IVR BB-/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.03	IVR BB-/ Stable
NCD	INE050N07017		12.25%	June 22, 2023	0.04	IVR BB-/ Stable
NCD	INE050N07025		12.50%	June 22, 2025	0.15	IVR BB-/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR BB-/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR BB-/ Stable
NCD	INE050N07041		14.87%	June 22, 2025	0.05	IVR BB-/ 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	INE050N07090	September 8, 2020	13.00%	September 8, 2023	0.08	IVR BB-/ Stable
NCD	INE050N07090		13.00%	September 8, 2023	0.32	IVR BB-/ Stable
NCD	INE050N07082		12.50%	September 8, 2023	0.13	IVR BB-/ Stable
NCD	INE050N07082		12.50%	September 8, 2023	0.04	IVR BB-/ Stable
NCD	INE050N07074		13.00%	September 8, 2023	0.04	IVR BB-/ Stable
NCD	INE050N07082		12.50%	September 8, 2023	0.15	IVR BB-/ Stable
NCD	INE050N07082		12.50%	September 8, 2023	0.10	IVR BB-/ Stable
NCD	INE050N07108	October 22, 2020	12.50%	October 22, 2023	0.15	IVR BB-/ Stable
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07116		13.00%	October 22, 2023	0.05	IVR BB-/ Stable
NCD	INE050N07124		12.75%	October 22, 2022	0.05	IVR BB-/ Stable
NCD	INE050N07132		13.00%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07140		12.25%	October 22, 2022	0.10	IVR BB-/ Stable
NCD	INE050N07165		14.87%	October 22, 2025	0.04	IVR BB-/ Stable
NCD	INE050N07165		14.87%	October 22, 2025	0.02	IVR BB-/ Stable
NCD	INE050N07108		12.50%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07173		14.87%	October 22, 2025	0.27	IVR BB-/ 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	November 9, 2020	14.87%	October 22, 2025	0.27	IVR BB-/ Stable
NCD	INE050N07173		14.87%	October 22, 2025	0.40	IVR BB-/ Stable
NCD	INE050N07181		13.00%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07199		12.50%	October 22, 2023	0.03	IVR BB-/ Stable
NCD	INE050N07181		13.00%	October 22, 2023	0.04	IVR BB-/ Stable
NCD	INE050N07173		14.87%	October 22, 2025	0.01	IVR BB-/ Stable
NCD	INE050N07173		14.87%	October 22, 2025	0.08	IVR BB-/ Stable
NCD	INE050N07215		12.75%	October 22, 2022	0.02	IVR BB-/ Stable
NCD	INE050N07199		12.50%	October 22, 2023	0.02	IVR BB-/ Stable
NCD	INE050N07249	November 23, 2020	12.75%	November 23, 2022	0.02	IVR BB-/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.10	IVR BB-/ Stable
NCD	INE050N07231		12.50%	November 23, 2023	0.01	IVR BB-/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.01	IVR BB-/ Stable
NCD	INE050N07223		14.87%	November 23, 2025	0.02	IVR BB-/ Stable
NCD	INE050N07272	December 10, 2020	12.25%	December 10, 2022	0.05	IVR BB-/ Stable
NCD	INE050N07264		12.50%	December 10, 2023	0.10	IVR BB-/ Stable
NCD	INE050N07264		12.50%	December 10, 2023	0.02	IVR BB-/ 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	INE050N07298	December 22, 2020	13.00%	December 22, 2023	0.10	IVR BB-/ Stable
NCD	INE050N07314		12.75%	December 22, 2022	0.02	IVR BB-/ Stable
NCD	INE050N07330	January 22, 2021	12.50%	January 22, 2024	0.15	IVR BB-/ Stable
NCD	INE050N07348		14.87%	January 22, 2026	0.05	IVR BB-/ Stable
NCD	INE050N07355		12.25%	January 22, 2023	0.02	IVR BB-/ Stable
NCD	INE050N07363		12.75%	January 22, 2023	0.02	IVR BB-/ Stable
NCD	INE050N07363		12.75%	January 22, 2023	0.01	IVR BB-/ Stable
NCD	INE050N07371		13.00%	January 22, 2024	0.04	IVR BB-/ Stable
NCD	INE050N07371		13.00%	January 22, 2024	0.05	IVR BB-/ Stable
NCD	INE050N07348		14.87%	January 22, 2026	0.02	IVR BB-/ Stable
NCD	INE050N07389		14.87%	January 22, 2026	0.01	IVR BB-/ Stable
NCD	INE050N07397		12.75%	February 15, 2023	0.02	IVR BB-/ Stable
NCD	INE050N07405	February 15, 2021	12.25%	February 15, 2023	0.05	IVR BB-/ Stable
NCD	INE050N07413		14.87%	February 15, 2026	0.05	IVR BB-/ Stable
NCD	INE050N07413		14.87%	February 15, 2026	0.03	IVR BB-/ Stable
NCD	INE050N07447		14.87%	February 25, 2026	0.02	IVR BB-/ Stable
NCD	INE050N07470	February 25, 2021	12.50%	March 25, 2024	0.06	IVR BB-/ Stable
NCD	INE050N07496		12.50%	March 17, 2024	0.05	IVR BB-/ Stable
NCD	INE050N07496	March 17, 2021	12.50%	March 17, 2024	0.06	IVR BB-/ Stable
NCD	INE050N07512		14.87%	May 26, 2026	0.02	IVR BB-/ 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	INE050N07546	June 16, 2021	13.00%	June 16, 2024	0.04	IVR BB-/ Stable
NCD	INE050N07553		12.25%	June 16, 2023	0.05	IVR BB-/ Stable
NCD	Under process	Not available	Not available	Not available	4.40	IVR BB-/ Stable
Proposed NCD	-	-	-	-	15.91	IVR BB-/ Stable
GECL		-	-	June 30, 2023	2.40	IVR BB-/ Stable
Cash Credit		-	-	-	8.00	IVR BB-/ Stable
COVID-19 Emergency Credit Facility (CECF)		-	-	-	1.10	IVR BB-/ Stable
Foreign documentary demand bills/Usance Bills, backed by Confirmed LCs of Bank's Approved (FO(U)B NLC)		-	-	-	3.00	IVR A4

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-july22.pdf>



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Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

Non-convertible debentures	Detailed Explanation
Information covenants	<p>Objects of the Issue: To meet the ongoing funding requirements for expansion of seafood processing facilities, redevelopment and expansion of aquaculture facilities, Infrastructure for food, production, marketing, exports and other business operations of the Company.</p> <p>Details of the utilization of the proceeds: To meet the ongoing funding requirements for expansion of seafood processing facilities, redevelopment and expansion of aquaculture facilities, Infrastructure for food, production, marketing, exports and other business operations of the Company.</p> <p>Coupon payment dates: Monthly or Annually depending on the scheme opted.</p> <p>Coupon Type: Fixed</p> <p>Event of Defaults: (i) Default in payment of monies due in respect of interest/principal owing upon the Debentures; (ii) Default in payment of any other monies including costs, charges and Expenses incurred by the Trustees.</p>

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.