

December 11, 2024

## Kakinada Seaports Limited: Update on material event

### Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long Term – Fund Based – Cash Credit	25.00	25.00	[ICRA]A- (Stable)
Short Term – Non-Fund Based Facilities	175.00	175.00	[ICRA]A2+
<b>Total</b>	<b>200.00</b>	<b>200.00</b>	

\*Instrument details are provided in Annexure-1

### Description of material event

Mr. K.V. Rao, (Chairman and Managing Director of Kakinada Infrastructure Holdings Limited (KIHL) and Kakinada Seaports Limited (KSPL) ) has filed an FIR with the Andhra Pradesh State Government CID as per news article on December 03, 2024 to inquire about the stake sale of 41.12% of KIHL to Auro Infra Private Limited in March 2021.

### Impact of the Material Event

As discussed with the management, the operations of the company are unlikely to be affected as a result of the above event as this is a dispute between the shareholders. However, ICRA will continue to monitor the updates pertaining to this event.

KSL has extended inter-corporate deposits (ICDs)/inter-corporate loans (ICLs) of ~Rs. 900 crore as on date, reduced from Rs. 1068.53 crore as on March 31, 2024. Further, out of the total outstanding ICDs, ~Rs. 280 crore has been extended as advances to Auro Ports Pvt Ltd which is a group company of Auro Infra Private Limited. Any further increase in the advances and the recoverability of the same, as and when due, will remain a key rating sensitivity. ICRA also notes that the liquidity position remains comfortable with cash and bank balances and liquid investments of ~Rs. 400.00 crore as on latest date.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position, rating sensitivities and key financials indicators: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Ports</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken the standalone financials of KSL. ICRA has also considered the corporate guarantee given to the SPV, KICTPL. ICRA has also taken into cognisance the presence of other JV partners who, along with RSHPL, are jointly and severally liable to discharge the guaranteed obligations in case of default

### About the company

Kakinada Seaports Limited (KSPL; the company), incorporated on December 16, 1998, is an SPV engaged in the operation of the Kakinada Deep Water Port (KDWP) in Andhra Pradesh, under a concession agreement with the Government of Andhra Pradesh (GoAP) which is valid till March 2029 with an option to extend in two blocks of 10 years each. The revenue share with

the GoAP is 22%. The port handles a mix of bulk, break bulk, liquid and project cargo, in addition to providing port services to offshore supply vessels (OSV) and other vessels.

As per the current shareholding structure, Auro Infra Private Limited. holds 41.12% in KSPL. Besides this, Konsortium Ports Pte Ltd holds a 17.35% stake and V.R. Investments (a group of NRIs) holds 30% which are held by relatives and friends of Mr. K. V. Rao. The other promoter group - South India Infrastructure Development Co. Pvt Ltd - holds the balance 11.13%. KSPL's operations are headed by Mr. K. V. Rao as its Chairman and Managing Director.

In March 2021, Hyderabad-based Auro Infra Private Limited acquired a 41.12% stake in Kakinada Infrastructure Holdings Pvt. Ltd (Mr. K. V. Rao was the major shareholder). Post the acquisition, Mr. Rao continues to be the Chairman and Managing Director.

### Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	726.17	705.95
PAT	242.03	291.07
OPBDIT/OI	60.5%	59.2%
PAT/OI	33.3%	41.2%
Total outside liabilities/Tangible net worth (times)	0.24	0.22
Total debt/OPBDIT (times)	0.57	0.63
Interest coverage (times)	18.64	13.37

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; 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 (FY2025)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	25.00	Jul 25, 2024	[ICRA]A-(Stable)	May 16, 2023	[ICRA]A-(Stable)	Apr 29, 2022	[ICRA]A (Negative)	-	-
			Dec 11, 2024	[ICRA]A-(Stable)						
Unallocated Limits	Long Term	0.00	Jul 25, 2024	-	May 16, 2023	[ICRA]A-(Stable)	Apr 29, 2022	[ICRA]A (Negative)	-	-
			Dec 11, 2024	-						
Non-fund based facilities	Short Term	175.00	Jul 25, 2024	[ICRA]A2+	May 16, 2023	[ICRA]A2+	Apr 29, 2022	[ICRA]A1	-	-

			Dec 11, 2024	[ICRA]A2+						
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### Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term – Fund Based – Cash Credit	Simple
Short Term – Non-Fund Based Facilities	Very Simple

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 analyzing 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, is 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	Long Term – Fund Based – Cash Credit	NA	NA	NA	25.00	[ICRA]A-(Stable)
NA	Short Term – Non-Fund Based Facilities	NA	NA	NA	175.00	[ICRA]A2+

Source: Company

#### Annexure-II: List of entities considered for consolidated analysis – Not Applicable

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### Branches



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