APRIL 19, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF KESAR TERMINALS & INFRASTRUCTURE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities – Term Loan	30	**CARE BBB- (Triple B Minus)**	Reaffirmed
Total Facilities	**30**		

Rating Rationale

The rating continues to derive strength from the established track record of Kesar Terminals and Infrastructure Limited (KTIL) in storage operations, experienced management having more than three decades of experience in warehousing/liquid storage business and healthy operational metrics.

The rating, however, continues to be constrained by the modest scale of operations, intense competition faced from other storage units at Kandla and Pipavav port coupled with marketing risks associated with the project undertaken by its subsidiary Kesar Multimodal Logistics Ltd (KMLL).

The ability to attract the expected cargo for its logistic hub under its subsidiary KMLL (which partially commenced operations in January 2016) is the key rating sensitivity.

Analytical Approach

For arriving at the ratings, CARE has combined the business and financial risk profiles of KTIL and its subsidiary KMLL which are under a common management and have common treasury. KTIL has also extended corporate guarantee for the bank facilities availed by KMLL.

Background

KTIL was incorporated in 2008 to take over the storage division of Kesar Enterprises Ltd (KEL). KTIL provides storage facilities for liquid cargo which predominantly comprise chemicals, petroleum products, edible and non edible products and alcohol. The company operates two bulk liquid chemical terminals at Kandla, Gujarat having a total capacity of 127,000 kilo liters (KL) with a total of 64 tanks as of December 31, 2015. The storage facility is set up on leased land (about 15 acres) of Kandla Port Trust.

KTIL under its subsidiary "Kesar Multimodal Logistics Limited" is currently executing a project for setting up of a Composite Logistic Hub on an area of 88.3 acres of leased land provided by the Madhya Pradesh State Agricultural Marketing Board (Mandi Board) on design, build, finance, operate and transfer (DBFOT) basis. The total cost of the project is Rs.161.40 crore and is proposed to be commissioned in phases till 2018-19. The first phase has of the same has already been commissioned on January 28, 2016.

In FY15 (refers to the period April 1 to March 31), on a consolidated level KTIL reported a total operating income of Rs.42.47 crore (PY: Rs.36.44 crore) and a PAT of Rs.14.51 crore (PY: Rs.11 crore). Furthermore, KTIL on a standalone basis reported a total operating income of Rs.33.35 crore and a PAT of Rs.11.28 crore in 9MFY16.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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