

April 08, 2015

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities – Term Loan	30.00	CARE BBB- (Triple B Minus)	Reaffirmed

Rating Rationale

The rating continues to derive strength from the established track record of KTEL 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 execution and marketing risks associated with the project undertaken by its subsidiary Kesar Multimodal Logistics Ltd (KMLL).

Timely completion of the ongoing project without any time and cost overrun and the ability to attract the expected cargo are the key rating sensitivities. For arriving at the ratings, CARE has taken a consolidated view of KTEL and its wholly owned subsidiary KMLL.

Background

Kesar Terminals and Infrastructure Ltd (KTEL) was incorporated in 2008 to take over the storage division of Kesar Enterprises Ltd (KEL) (rated CARE BB-/A4). KTEL 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 March 31, 2014. The storage facility is set up on leased land (about 15 acres) of Kandla Port Trust.

In FY14 (refers to the period April 1 to March 31), on a consolidated level KTEL reported a total operating income of Rs.36.44 crore (PY: Rs.29.95 crore) and a PAT of Rs.11.00 crore (PY: Rs.8.39 crore). Further, it posted a total operating income of Rs.31.66 crore and a PAT of Rs.11.97 crore during 9MFY15 consolidated (unaudited).

Analyst Contact

Name: Mr Arunava Paul

Tel: 022-6754 3667

Email: arunava.paul@careratings.com

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

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

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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.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. MeenalSikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. AnkurSachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, PashupatiAkshatHeights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 9413969100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, SenapatiBapat Road,
 ShivajiNagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, HimayatNagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

CIN - L67190MH1993PLC071691