

Kesar Enterprise Limited

March 15 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities (Term Loan)	107.26 (107.26)	CARE D [Single D]	Reaffirmed
Long Term Bank Facilities (Fund Based)	63.30 (63.30)	CARE D [Single D]	Reaffirmed
Short Term Bank Facilities (Non Fund Based)	0.20 (0.20)	CARE D [Single D]	Reaffirmed
Total	170.76 (Rs. One hundred and seventy crore and seventy six lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Kesar Enterprises Limited (KEL) continues to reflect the ongoing delays in the servicing of debt obligations.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays in Debt Servicing

There are on-going delays in servicing of interest and principal. The account has already been classified as an NPA by the bankers.

Key Rating Strengths: NA

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

About the Company

Kesar Enterprises Ltd (KEL), formerly known as Kesar Sugar Works Ltd was originally promoted by Kilachand Group in October 1933. In 1985, the promoters renamed it to its present name. The company is part of the Kilachand Group, one of the old and well established Industrial Houses in India having diversified interest in sugar, distillery, renewable energy, storage and other agro products.

KEL is a fully-integrated sugar company operating its sugar unit with a capacity of 7,200 TCD (Tonnes Crushed per Day), co-generation power plant of 44 MW, and a distillery unit producing industrial alcohol with capacity of 50,000 KLPD (Kilo Litres per Day). The company's integrated sugar plant is located at Baheri, Uttar Pradesh. The power plant is a fully automated bagasse fired co-generation power plant. The plant can operate at high pressure of 115 kg/cm². The company has entered into a PPA (Power Purchase Agreement) with Uttar Pradesh Power Corporation Limited (UPPCL) for sale of power for 20 years. Besides, the company produces open pollinated and hybrid seeds under its brand name "Kesar seeds". The company has an in-house research division at Hyderabad where the seeds are developed.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	374.52	315.19
PBILD	65.96	14.64
PAT	8.21	-46.71
Overall gearing (times)	NM	NM
Interest coverage (times)	1.64	0.33

A: Audited

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

NM: Not Meaningful

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	August 2022	107.26	CARE D
Non-fund-based - ST-BG/LC	-	-	-	0.20	CARE D
Fund-based - LT-Cash Credit	-	-	-	63.30	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	107.26	CARE D	-	1)CARE D (26-Feb-18)	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE BB- (14-Apr-15)
2.	Non-fund-based - ST-BG/LC	ST	0.20	CARE D	-	1)CARE D (26-Feb-18)	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE A4 (14-Apr-15)
3.	Fund-based - LT-Cash Credit	LT	63.30	CARE D	-	1)CARE D (26-Feb-18)	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE BB- (14-Apr-15)

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