

Kesar Terminals and Infrastructure Limited

June 20, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities (Term Loan)	11.88 (11.88)	CARE D; (Single D)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Total	11.88 (Rs. Eleven crore and Eighty Eight Lakh only)		

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to bank facilities of Kesar Terminals and Infrastructure Ltd (KTIL) considers the invocation of unconditional and irrevocable guarantees given by KTIL in favor of its subsidiary Kesar Multimodal Logistics Ltd (KMLL) which was not honored by KTIL.

Detailed description of the key rating drivers

KTIL had provided unconditional and irrevocable guarantees to the bank facilities availed by KMLL, which KMLL had taken for execution of a project of setting up a Composite Logistic Hub in Madhya Pradesh. Due to subdued performance, KMLL was unable to service the liabilities on time. The banks called for the guarantee and KTIL was unable to service the liabilities on time.

Analytical approach: Consolidated financials of KTIL along with its subsidiary KMLL has been considered for analysis purpose. KTIL has extended corporate guarantee to the bank facilities availed by KMLL.

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology - Service Sector Companies](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

About the Company

Kesar Terminals and Infrastructure Ltd (KTIL) was incorporated in 2008 to take over the storage division of Kesar Enterprises Ltd (KEL). The storage division was demerged from KEL with the intention to expand the business. KEL is engaged in manufacturing of sugar and also has a distillery unit.

KTIL provides storage facilities for liquid cargo which predominantly constitutes of chemicals, petroleum products, edible and non-edible products and alcohol. The company operates 2 bulk liquid chemical terminals at Kandla, Gujarat having a total capacity of 127,000 kilo liters (KL) with a total of 64 tanks (which includes specialized tanks such as stainless steel tanks, tanks equipped with heating and insulation facilities and coated tanks which stores specialty products). The storage facility is set up on leased land (about 15 acres) of Kandla Port Trust.

KTIL in association with KEL has set up a Special Purpose Vehicle named "Kesar Multimodal Logistics Limited" (KMLL) in FY12 to execute its project of setting up a Composite Logistic Hub on an area of 88.3 acres of leased land provided by Madhya Pradesh State Agricultural Marketing Board (Mandi Board) on design, build, finance, operate and transfer

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

(DBFOT) basis. KTIL has extended corporate guarantee for the bank facilities (amounting to Rs.108.11 crore) to be availed by Kesar Multimodal Logistics Ltd (KMLL).

Brief Financials (Rs. crore)-Consolidated	FY17 (A)	FY18 (A)
Total operating income	48.59	44.85
PBILDT	23.59	17.37
PAT	1.59	-6.70
Overall gearing (times)	1.84	1.88
Interest coverage (times)	1.74	1.20

A: Audited

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	-	-	October 2018	11.88	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	11.88	CARE D	-	1)CARE B+; Stable (30-Mar-18)	1)CARE BB+; Stable (27-Dec-16) 2)CARE BBB- (19-Apr-16)	1)CARE BBB- (08-Apr-15)

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