

## Kesar Enterprise Limited

February 26, 2018

### Ratings

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

*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. KEL incurred heavy losses in past and has a negative net worth.

### 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.

#### Negative Net Worth

The Net worth of the company eroded over the years due to losses made by the company in past. The company made net profit of Rs 8.21 crores in FY17 on the wake of improving scenario of agro products especially sugar. Though the company made profits, the net worth still stays negative and the company has further reported loss in 9MFY18 (UA).

#### 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

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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/cm<sup>2</sup>. 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)	FY16 (A)	FY17 (A)
Total operating income	319.59	374.52
PBILDT	19.05	65.96
PAT	-53.22	8.21
Overall gearing (times)	NM	NM
Interest coverage (times)	0.45	1.64

A: Audited

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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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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	-	-	-	107.26	CARE D
Non-fund-based - ST-BG/LC	-	-	-	0.20	CARE D
Fund-based - LT-Cash Credit	-	-	FY23	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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	107.26	CARE D	-	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE BB- (14-Apr-15)	1)CARE BB- (22-Apr-14)
2.	Non-fund-based - ST-BG/LC	ST	0.20	CARE D	-	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE A4 (14-Apr-15)	1)CARE A4 (22-Apr-14)
3.	Fund-based - LT-Cash Credit	LT	63.30	CARE D	-	1)CARE D (31-Mar-17) 2)CARE D (26-Apr-16)	1)CARE BB- (14-Apr-15)	1)CARE BB- (22-Apr-14)

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