

Kesar Enterprises Limited
March 31, 2017

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities (Term Loans)	107.26	CARE D (Single D)	Reaffirmed
Long-term Bank Facilities (Fund-based)	63.30	CARE D (Single D)	Reaffirmed
Short-term bank facilities (Non-fund-based)	0.20	CARE D (Single D)	Reaffirmed
Total	170.76 (Rupees One Hundred Seventy crore Seventy Six lakhs only)		

Detailed Rationale and Key Rating Drivers

The ratings assigned to the bank facilities of Kesar Enterprises Limited (KEL) have been reaffirmed on account of the ongoing delays in the servicing of debt obligations. KEL incurred heavy losses of Rs.53.22 crore in FY16 (refers to the period January 01, 2015 to March 31, 2016) due to subdued industry scenario for agro products.

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 & post restructuring of the account under JLF Scheme, the account is presently in the doubtful 1 category.

Key Rating Strengths-Not Applicable**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](#)

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

Company Background

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.

KEL reported a net loss of Rs.53.22 crore on total operating income of Rs.319.59 crore in FY16 against a net loss of Rs.121.25 crore on total operating income of Rs.440.46 crore in FY15.

Status of non-cooperation with previous CRA: NA

Rating History (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.

Analyst Contact

Name: Mr Vikash Agarwal

Tel: 022 6754 3405

Email: vikash.agarwal@careratings.com

****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	-	-	-	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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
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)	-

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@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**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**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@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**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@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**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**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC07169