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## **ICRA assigns LBBB rating to the Rs. 50 million fund based limits & Rs. 300 million non-fund based limits of Keltech Energies Limited**

ICRA has assigned LBBB (pronounced L triple B) rating to the Rs. 50 million fund based limits and Rs. 300 million non-fund based limits of Keltech Energies Limited (KEL)<sup>†</sup>. The outlook on the rating is stable.

The rating factors in the long experience of the promoters in the industry, KEL's established client profile and the financial flexibility available to the company as it is part of Chowgule group. The rating also factors in KEL's moderate gearing level and its comfortable coverage indicators. However, the rating is constrained by company's moderate scale of operations and intensely competitive and fragmented nature of the explosives industry. Moreover the rating takes into consideration, the fact that CIL is the main customer for KEL accounting for over 50% of its sales; thus adverse changes in the CIL contracts can have material impact on KEL's performance.

### **Company Profile:**

Keltech Energies Limited (KEL), established in 1977 and erstwhile known as Karnataka Explosives Limited, is a group company of Chowgule Group based out of Goa. KEL is in the business of manufacturing industrial explosives (bulk & cartridge) and also into manufacturing expanded perlite. With a total capacity of approx. 1.1 lac MT spread across nine industrial explosive units located in the states of Karnataka, Maharashtra, MP, AP, and Chattishgarh, KEL is one of the top five companies in the industrial explosives market and commands approx. 5% market share in the domestic market. In addition, KEL also has two perlite manufacturing units with a total capacity of around 6,900 TPA. KEL is a part of

Chowgule group having interest in diversified fields such as mining, shipping, shipbuilding, chemicals, explosives, expanded perlite etc.

KEL generated a PAT of Rs. 48.2 million over an operating income of Rs. 1148.6 million in FY09.

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*ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)*

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.