

July 06, 2015

| Facilities               | Amount<br>(Rs. Crore) | Ratings                             |
|--------------------------|-----------------------|-------------------------------------|
| <b>Term Loans</b>        | <b>3.51</b>           | <b>SMERA BB / Stable (assigned)</b> |
| <b>Cash Credit</b>       | <b>23.10</b>          | <b>SMERA BB / Stable (assigned)</b> |
| <b>Inventory Funding</b> | <b>29.00</b>          | <b>SMERA BB / Stable (assigned)</b> |

SMERA has assigned a long-term rating of '**SMERA BB**' (read as SMERA double B) to the above mentioned bank facilities of Kun Auto Company Private Limited (KACPL). The outlook is **stable**. The ratings derive comfort from the extensive experience of promoters in automotive dealership business, healthy revenue growth and established association with principal (Hyundai Motor India Limited). However, the ratings are constrained by the KACPL's moderate financial profile with low interest coverage and exposure to intense competition in the automobile dealership business.

### **Outlook: Stable**

SMERA believes that the company will continue to benefit from its established association with principal. The outlook maybe revised to positive in case of increase in cash accruals with improvement in company's financial profile especially interest coverage. Conversely, the outlook maybe revised to negative in case of stretch in working capital management and further deterioration of financial profile.

### **About the Company**

Incorporated in 1997, KUN Auto Company Private Limited is a Chennai – based company engaged as an authorized dealer of Hyundai Motor India Limited. The day to day operations are managed by the two decade experienced directors, Mr. U. Venkatesh and Mr. U. Arun Kumar.

For FY2013-14, Company reported PAT of Rs. 0.29 crores on operating income of Rs. 283.77 crores as compared with PAT of Rs. 2.52 crores on operating income of Rs. 299.56 crores for FY2012-13. For FY2014-15 (provisional financials), Company reported PAT of Rs. 5.19 crores on operating income of Rs. 380.04 crores.

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