



## Press Release

Kanchana Automobiles Private Limited

May 07, 2024

### Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	36.00	ACUITE BB-   Downgraded   Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	36.00	-	-

## Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE BB-**' (read as **ACUITE Double B minus**) from **ACUITE BB**' (read as **ACUITE Double B**) on the Rs.36.00 crore bank facilities of Kanchana Automobiles Private Limited (KAPL).

This rating is now flagged as issuer not cooperating on account of information risk and is based on best available information.

## About the Company

Kanchana Automobiles Private Limited (KAPL) was incorporated in 2005 and is an authorized dealer for Hyundai Motor India Limited (HMIL) for the coastal Karnataka region. It has a dealership network of 9 sales & services outlets at Udupi, Mangalore, Karwar, Puttur, Sirsi, Kundapura, Kumta and Surathkal for Hyundai passenger cars. Kanchana Group is headed by Mr. Prasadraj Kanchan, Chairman & Managing Director, who is an MBA Graduate, and is in the automobile dealership business since last 2 decades. His wife Mrs. Sukanya Kanchan, an MBA Finance is the director of the Group.

## Unsupported Rating

Not Applicable

## Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

## Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite has endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

## Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

## Liquidity Position

No information provided by the issuer / available for Acuite to comment upon

**Outlook: Not Applicable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	275.07	229.30
PAT	Rs. Cr.	3.45	3.42
PAT Margin	(%)	1.25	1.49
Total Debt/Tangible Net Worth	Times	1.82	2.07
PBDIT/Interest	Times	2.90	2.75

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Feb 2023	Cash Credit	Long Term	11.00	ACUITE BB   Stable (Reaffirmed)
	Secured Overdraft	Long Term	16.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	5.76	ACUITE BB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.24	ACUITE BB   Stable (Reaffirmed)
29 Dec 2021	Proposed Long Term Bank Facility	Long Term	8.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Term Loan	Long Term	1.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Secured Overdraft	Long Term	16.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Cash Credit	Long Term	11.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE BB-   Downgraded   Issuer not co-operating* ( from ACUITE BB )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.24	ACUITE BB-   Downgraded   Issuer not co-operating* ( from ACUITE BB )
Canara Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.00	ACUITE BB-   Downgraded   Issuer not co-operating* ( from ACUITE BB )
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.76	ACUITE BB-   Downgraded   Issuer not co-operating* ( from ACUITE BB )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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