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October 21, 2010

**CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO BANK FACILITIES OF  
KUNDANMAL MUKANMAL TRADERS PVT LTD.**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	44.75	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	1.00	'PR3' (PR Three)	Assigned
<b>Total Facilities</b>	<b>45.75</b>		

**Rating Rationale**

The ratings factor in the vast experience of the promoters of KMT in transportation business, established operations of the company with track record of more than two decades, strong clientele in the automobile as well as steel segment with long-standing relationship, strong cash accruals and moderate liquidity position. However, the ratings are constrained by small networth base, low PAT margins, high overall gearing and moderately stressed debt service coverage indicators on account of heavy vehicle loan repayments falling due in the next two years and high dependence of the business on the automobile sector.

The ability of the promoters to refinance scheduled debt repayments in case of shortfall in cash accruals from operations would be a key rating sensitivity. Further, KTM's ability to improve its overall financial risk profile, especially profit margin and gearing level would also be a key rating sensitivity.

**Company Profile**

Incorporated in 1988, the Jaipur-based KMT was promoted by Chandwar brothers – Mr Kamal Kumar Chandwar and Mr Prabha Chand Chandwar, both having experience of over two decades in the field of transportation. The company provides transportation services to automobile and metal manufacturers from their plant to various depots and from depots to various dealers across the country. The automobile segment is the major business segment contributing almost 79% of total revenues during FY10.

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

During FY10, KMT reported total operating income of Rs.129.03 crore and PAT of Rs.2.89 crore as against total operating income of Rs.97.89 crore and PAT of Rs.0.29 crore in FY09.

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