

Somya Vehicles Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	39.78	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	38.40	CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1. *Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Somya Vehicles Private Limited (SVPL) to monitor the ratings vide e-mail communications dated February 10, 2025, February 24, 2025, February 28, 2025, March 05, 2025, March 10, 2025, March 19, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, SVPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SVPL's bank facilities will now be denoted as CARE BB+/CARE A4+; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings assigned to the bank facilities of SVPL continues to remain constrained on account of thin profitability margins, leveraged capital structure and moderate debt coverage indicators. The ratings also consider limited bargaining power of SVPL along with its fortunes linked to the performance of Original Equipment Manufacturer (OEM), limited geographical presence and inherent competition and cyclical nature of the auto industry. The ratings, however, derives strength from growing scale of operations, comfortable operating cycle and adequate liquidity during FY24. The ratings also continues to derive comfort from established track record and extensive experience of promoters in auto dealership business.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the company will continue to benefit from experience of the promoters in the auto dealership business and improved market share of principal attributable to healthy demand scenario for automobile sector.

Detailed description of key rating drivers:

At the time of last rating on April 03, 2024, the following were the rating strengths and weaknesses (updated based on information available from the company).

Key weaknesses

Leveraged capital structure and moderate debt coverage indicators

The capital structure of SVPL as marked by an overall gearing ratio further deteriorated and continue to remain leveraged at 4.31x as on March 31, 2024 (3.42x as on March 31, 2023) due to substantial increase in debt level of company. Total debt increased owing to high utilization of working capital bank borrowings as on balance sheet date owing to increase in scale of operations. Debt coverage indicators remained moderate marked by an interest coverage ratio of 2.46x in FY24 as against 3.37x in FY23.

Limited geographical presence

The company's scale of operations remained moderate over the years, due to its limited geographical presence. The company has the dealership of Mahindra & Mahindra Limited (MML) in Madhya Pradesh. As a result of moderate scale of operation, the company does not get benefit from economies of scale and during financial stress it may impact the business as compared to other companies in same field who has various showrooms across states

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Restricted bargaining power with Original Equipment Manufacturer (OEM) with its fortunes linked with growth plans of OEM

SVPL's business model is largely in the nature of trading wherein profitability margins are moderate. Moreover, dealers have less bargaining power over principal manufacturers. SVPL's performance is linked to the performance of its principal. The financial risk profile of the company has a high degree of correlation with the performance of OEM's vehicles in the market and their ability to launch new products. However, given that OEM is one of the market leaders in passenger vehicles (PV) segment, the off-take risk is moderated to some extent.

Inherent competition and cyclical nature of the auto industry

The company remains exposed to competition from the products of other OEM's and dealers operating in the same region. To capture the market share, the auto dealers offer better buying terms like allowing discounts on purchases. Accordingly, the company has to resort to offering better buying terms like allowing discounts to capture the market share. Such discounts create margin pressure and negatively impact on the earning capacity of the company. However, the company's association with its customers, its established network helps it to sustain the competition to an extent and maintain its strong market position in the region. Furthermore, the auto industry is inherently vulnerable to the economic cycles and is highly sensitive to interest rates and fuel prices. The company thus faces significant risks associated with the cyclical nature of the auto industry.

Key Strengths**Experienced promoters and established track record of operations**

Incorporated in September 2016, Somya Vehicles Private Limited (SVPL) is promoted by Pravesh and Shweta Agarwal. SVPL is engaged in the business of auto dealership of Mahindra & Mahindra Limited since 2016 onwards in Madhya Pradesh. SVPL also offers, Services and Spare parts. Currently, day-to-day affair of the company is looked after by Mr Pravesh Agarwal, supported by a team of experienced professionals.

Growing scale of operations albeit thin profitability margins

The scale of operations as marked by total operating income (TOI) exhibited increasing trend since FY21. In FY24, SVPL reported TOI of Rs.522.77 crore with 61% growth. In 9MFY25 (Prov.) SVPL reported TOI of Rs.411.65 crore. Despite growing scale of operations, profitability margins remained range bound between 2-3%. In FY24 PBILDT margin remained at 2.78% vis-à-vis 2.69% in FY23. Consequently, PAT margin remained at 0.83% in FY24 against 1.06% in FY23.

Comfortable operating cycle

The operating cycle of the company continued to remain comfortable and stood at 32 days in FY24 (P.Y.: 20 days). The sales are made to the customers mostly on "Cash and Carry" basis with certain percentage of vehicles bought on vehicle financing from banks. The same leads to the average collection period of around 3 to 4 days. Further, on account of the low bargaining with its principals, the company receives shorter credit period and immediate payment is to be made. Company maintains inventory of 30-45 days.

Liquidity: Adequate

Liquidity position of SVPL continue to remain adequate as marked by healthy cash and bank balance, comfortable operating cycle and moderate liquidity ratios. Cash and bank balance remained at Rs.3.24 crore as on March 31, 2024. Current and quick ratio remained at 1.09x and 0.23x respectively as on March 31, 2024. The operating cycle of the company moderated from 20 days in FY23 to 32 days in FY24; which however remained at a comfortable level. The cash flow from operations deteriorated to negative CFO of Rs.38.23 crore in FY24 (Negative Rs.4.14 crore in FY23) mainly due to increase in inventory holding by SVPL to meet up growing demand.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Incorporated in September 2016, Somya Vehicles Private Limited (SVPL) is promoted by Pravesh and Shweta Agrawal. SVPL is engaged in the business of auto dealership for passenger vehicles and commercial vehicles of Mahindra & Mahindra Limited (rated CARE AAA; stable/A1+). SVPL has 11 showrooms and 7 workshops across Indore, Dhar and Khargaon in Madhya Pradesh. Group companies of Somya also includes Somya Cars Private Limited which has a dealership of Hyundai having 4 showrooms across Madhya Pradesh and Somya Wheels Private Limited which has a dealership of TVS having 2 showrooms in Bhavnagar, Gujarat.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	325.13	522.77
PBILDT	8.76	14.54
PAT	3.45	4.36
Overall gearing (times)	3.42	4.31
Interest coverage (times)	3.37	2.46

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	05/01/2027	2.78	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	12.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	38.40	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	25.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (03-Apr-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (07-Jun-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (20-May-22)	-
2	Fund-based - ST-Working Capital Limits	ST	38.40	CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+ (03-Apr-24)	-	-	-
3	Fund-based - LT-Working Capital Limits	LT	12.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (03-Apr-24)	-	-	-
4	Fund-based - LT-Term Loan	LT	2.78	CARE BB+; Stable; ISSUER NOT COOPERATING*	1)CARE BB+; Stable (03-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities- Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Sajni Shah Assistant Director CARE Ratings Limited Phone: 079-40265636 E-mail: Sajni.Shah@careedge.in</p> <p>Jalpa Rughani Lead Analyst CARE Ratings Limited E-mail: jalpa.rughani@careedge.in</p>
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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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