Dream Vehicles Private Limited

July 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	8.86 (Enhanced from 6.85)	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	55.00	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Dream Vehicles Private Limited (DVPL) continue to remain constrained on account of its moderate scale of operations and thin profitability due to trading nature of automobile dealership business. Ratings also factor in DVPL's moderately leveraged capital structure and debt coverage indicators, presence in the inherently cyclical auto-mobile industry, competitive industry landscape, linkages of its growth prospect to the fortunes of its original equipment manufacturer (OEM) i.e. Maruti Suzuki India Ltd (MSIL) and stretched liquidity.
Ratings, however, continue to derive strength from the long-standing experience of DVPL's promoter in the automobile dealership business and long association with MSIL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations over ₹300 crore while maintaining profit before interest, lease rental, depreciation and tax (PBILDT) margin
- Improvement in capital structure marked by overall gearing of below 3x on sustained basis

Negative factors

- Decline in total operating income (TOI) by more than 25% or PBILDT margin below 2%
- Overall gearing above 4.50x on sustained basis
- Any significant elongation in the operating cycle impacting the liquidity position

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that DVPL will continue benefit from extensive experience of the its promoters in the auto dealership business along with its long-term association with MSIL.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and thin profitability

DVPL's TOI grew by ~22% y-o-y to ₹277.79 crore in FY26 (FY25: ₹227.44 crore), backed by ~20% growth in the sales volume, despite ~4% decline in average sales realisation.
DVPL has dealership of passenger vehicle (PV) and commercial vehicle (CV) (Super Carry and Eeco Cargo models) of MSIL. Company derives over 60% revenue from PV sales and remaining from CV sales.
Inherent to the trading nature of the business, profitability remained thin marked by PBILDT and profit after tax (PAT) margin of 2.61% (FY25: 3.65%) and 0.32% (FY25: 0.83%) respectively in FY26.

Moderately leveraged capital structure and moderate debt coverage indicators

The capital structure of DVPL improved y-o-y, albeit remained moderately leveraged marked by overall gearing of 3.33x as on March 31, 2026 (P.Y.: 4.03x). Tangible net-worth base remained low at ₹13.03 crore as on March 31, 2026, limiting its overall financial flexibility. Debt coverage indicators continued to remain moderate, marked by total debt to gross cash accruals and PBILDT interest coverage at 13.48x (FY25: 12.54x) and 1.73x (FY25: 2.05x) respectively in FY26.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Large working capital requirement
DVPL's operations are inherently working capital intensive, as it requires to maintain stock of various vehicle models and spare parts in showrooms to meet customer demand. Company's operating cycle improved from 56 days in FY25 to 46 days in FY26 largely driven by decrease in inventory days from 50 days in FY25 to 39 days in FY26, hence rationalising its working capital borrowings.

Limited bargaining power with principal automobile manufacturer
DVPL's business model is largely in the nature of trading wherein profitability margins are thin. Dealers lack bargaining power due to its dependence on such large principals that set policies, targets and link incentive-based income to satisfactory compliance of such policies. The financial risk profile of DVPL has a high degree of correlation with the performance of its key principal i.e. MSIL, which hold nearly 40% in the domestic passenger car segment.

Presence in the competitive and cyclical automobile dealership industry
Indian automobile dealership industry is highly fragmented and competitive in nature. Original Equipment Manufacturers (OEMs) are encouraging more dealerships to improve penetration and sales, thereby increasing competition amongst dealers. Entry of the global players in the Indian market has further intensified the competition. Due to very high competition in the industry, dealers are also forced to pass on discounts and exchange schemes to attract customer as this is a volume driven business.

DVPL's operations are exposed to competition from other dealers as well as competition from automobile dealers of other vehicle makers. Despite growth, company's scale of operations remained modest over the years, due to its limited geographical presence.

The auto industry is inherently vulnerable to the economic cycles and is highly sensitive to the interest rates and fuel prices. The company's operations are prone to the risks associated with such cyclical nature of the auto industry.

Key strengths

Vast experience of promoters in automobile dealership business
Gujarat based, DVPL was promoted by Zala family in 2010. Currently managed by promoter, Dipendrasingh Zala and co-founder's son, Hanumantsingh Zala. Both the directors have over a decade of experience in the automobile industry and collectively look after the overall operations of the company.

Long-term association with MSIL in the PV segment
DVPL has been associated with its OEM since 2010 and thus possess over 15 years of experience as an established dealer of MSIL. DVPL benefits from the technological advancements and periodic addition of new car models by MSIL. Dealership agreements with MSIL spans three years and is subject to renewal every three years through mutual consent.

Liquidity: Stretched

The liquidity position of the company is stretched marked by high working capital utilization, moderate gross cash accruals (GCA), low free cash and bank balance and moderate liquidity ratios. Average working capital utilization remained high at ~70-80% for the past 12 months ended May 2026.
Company has cash and bank balance of ₹6.23 crore and moderate liquidity ratios marked by the current ratio of 1.11x and quick ratio of 0.38x as on March 31, 2026.

Applicable criteria

- Definition of Default
- Liquidity Analysis of Non-financial sector entities
- 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

Gujarat-based DVPL (CIN: U50100GJ2009PTC058513) was incorporated in 2010 by Zala family and currently managed by Mr. Dipendrasingh Zala and Hanumantsingh Zala. Company has auto dealership of Maruti Suzuki India Limited's passenger vehicles and commercial vehicles (CV; limited to Super Carry and Eeco Cargo). As on March 31, 2026, company has 11 PV showrooms, 1 true value (used car) showroom, 2 CV showrooms, 3 exclusive workshops, 2 exclusive car spare part shops and 1 stockyard across Surendranagar and Morbi districts in Gujarat. DVPL also operates driving school in Surendranagar.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Prov.)
Total operating income	227.44	277.79
PBILDT*	8.31	7.25
Profit after tax (PAT)	1.88	0.89
Overall gearing (x)	4.03	3.33
Interest coverage (x)	2.05	1.73

A: Audited Prov.: Provisional; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31-03-2032	8.86	CARE BB; Stable
Fund-based - ST-Vendor financing	-	-	-	-	55.00	CARE A4

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 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	8.86	CARE BB; Stable	-	1)CARE BB; Stable (22-Jan-26) 2)CARE BB; Stable (30-May-25)	-	-
2	Fund-based - ST-Vendor financing	ST	55.00	CARE A4	-	1)CARE A4 (22-Jan-26) 2)CARE A4 (30-May-25)	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
3	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (22-Jan-26) 2)CARE BB; Stable (30-May-25)	-	-

LT: Long term; ST: 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-Term Loan	Simple
2	Fund-based - ST-Vendor financing	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge 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.

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