



Press Release

Sahyadri Motors Private Limited

January 08, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	106.88	IVR BB/ Stable (IVR Double B With Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities	44.14	IVR A4 (IVR A Four)	-	Assigned	
Total	151.02 (Rupees One Hundred Fifty-One Crore and Two Lakhs Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned ratings of IVR BB/ Stable, IVR A4 to the bank facilities of Sahyadri Motors Private Limited (SMPL). The ratings derive strength from its association with Mahindra and Mahindra Limited (which has a strong presence in the domestic automobile market), improving trend of total operating income, established geographical presence with operational showrooms and service centres and leadership position among Mahindra dealers in Sangli and Pune. However, the rating strengths are constrained due to working capital intensive operations, intense competition in the auto dealership industry and limited bargaining power with principal automobile manufacturers.

The outlook of the company is expected to remain stable driven by long standing experience of promoters and long relationship with Mahindra and Mahindra Limited (Mahindra). The company is expected to report steady revenue growth over medium term supported by new launches by Mahindra, which will support the principal's market share in the domestic passenger vehicle segment.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained increase in the scale of operations and profitability, leading to better net cash accrual.
- Improvement in the capital structure with improvement in overall gearing ratio <1.5x and significant improvement in debt protection metrics.

Downward Factors

- Significant decline in the scale of operations and profitability.
- Any substantial stretch in the operating cycle impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Association with Mahindra which has a strong presence in the domestic automobile market**

SMPL has established its position in the industry as an authorized dealer of Mahindra since 1984, it has a long and established relationship with the principal, which is a well-established and a reputed brand in the automobile industry. Mahindra's market share in passenger vehicles segment of the domestic auto industry was 10.90% in FY24 (refers to the period April 01, 2023, to March 31, 2024). In the electric passenger vehicles segment (EPV), it was 6.74% for the year. In terms of market position, Mahindra stood at 4th and 3rd positions in these two segments respectively, in FY24. It had reported a strong volume growth of 28% in FY24 over the previous year.

- **Improving trend of total operating income**

The total operating income of SMPL grew from Rs. 216.89 cr in FY22 to Rs.465.47 cr in FY23 and Rs.608.25 Cr in FY24 driven by the strong demand for Mahindra vehicles. The majority of the revenue is generated from the sales of automobiles while the balance revenue was generated through services, sale of spare parts, oils, and workshop income.

- **Established geographical presence with Operational Showrooms & Service Centers**

SMPL has thirteen showrooms, with 6 showrooms in Sangli and 7 showrooms in Pune. It sells more than eight models of Mahindra cars. The models sold include Mahindra Thar, Bolero neo, Marazzo, Bolero, Scorpio classic, Xuv400EV, Scorpio N, Xuv700. The



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showrooms have installed facilities like lifts, wheel alignment machines, body shop, and mechanical maintenance and paint booths for servicing the cars. The company has service centers which services around 3,000 - 5,000 vehicles in a year.

- **Leadership position among Mahindra dealers in Sangli and Pune:**

The total income of the company has grown by around 30% in the FY24 compared to previous year in terms of units sold. It has also increased its market share in Sangli by around 30% post pandemic. The company now holds a position of No.1 in Sangli for Mahindra vehicles.

Key Rating Weaknesses

- **Working capital intensive operations**

The company purchases vehicles and spares directly from the principal and its authorized vendors, respectively. The oils and other lubricants are purchased locally from Mahindra's recommended dealers. It maintains a certain minimum inventory of spares. SMPL has to keep a ready stock of vehicles available in its showrooms and the ordered vehicles remain in the showroom until booked by customers, which depends on the market trends. This resulted in inventory period of 36 days in FY24.

- **Intense competition in the auto dealership industry**

Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the domestic auto market like Hyundai, Maruti-Suzuki, Tata Motors etc. in the passenger vehicle segment. 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 other schemes to attract customers as this is a volume-driven business. Hence, performance and prospects of the company is highly dependent on the demand for vehicles of its principal – Mahindra.

- **Limited bargaining power with principal automobile manufacturers**

Owing to the inherent limitation in automobile dealership business, SMPL has limited bargaining power with its principal. SMPL's business model is largely in the nature of trading wherein profitability margins are very thin. The margin on various products is determined by the principal. Additionally, during certain sales promotion activities



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announced by the principal, dealers have to participate in the discount schemes which impacts their revenues. Dealerships supplement their income through revenues from services, sale of spares, commission on auto insurance sales and trading in secondhand vehicles.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity – Adequate

The firm has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The projected GCA is around Rs.30cr-Rs.40cr annually, while the repayments are Rs. 8.31 crore in FY25, Rs. 8.48 crore in FY26 and Rs. 8.67 crore in FY27. The firm's liquidity position is adequate, supported by cash and bank balances of Rs.13.96 crore as on March 31, 2024. The current ratio stood at 1.29 times as on 31st March 2024 .

About the Company

Sahyadri Motors Pvt. Ltd, initially started as a proprietary concern in 1983 namely Sahyadri Motors Proprietary and was converted into a private limited company on 20 December 1995. It has distributorship of vehicles of Mahindra & Mahindra Ltd for Sangli and Pune Districts. Board of directors comprise of 1) Madhav Raghunath Patil 2) Suvarna Madhav Patil 3) Sharad Vithal Sambhare.

Mahindra & Mahindra Ltd is a world-class automobile manufacturing company. The new collaborations and acquisitions have made it one of top high-ranking companies in vehicle segment. With the introduction of a series of new ranges like XUV-500 & XUV-300, Bolero-Neo, XUV-700, Altrus-G4, it caters to all classes of buyers- rural and urban.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	465.47	608.25
EBITDA	33.67	33.16
PAT	19.45	21.41
Total Debt	122.61	138.98
Tangible Net Worth	-0.60	12.00
EBITDA Margin (%)	7.23	5.45
PAT Margin (%)	4.16	3.51
Overall Gearing Ratio (x)	-203.07	8.32
Interest Coverage (x)	2.43	3.22

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
					Date (Month XX, 20XX)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Term Loan	Long Term	44.95	IVR BB/ Stable	-	-	-
2.	Electronic Dealer Finance Scheme (EDFS)	Long Term	30.00	IVR BB/ Stable	-	-	-
3.	Loan Against Property	Long Term	31.93	IVR BB/ Stable	-	-	-
4.	Trade Advance	Short Term	36.50	IVR A4	-	-	-
5.	Demo Car Loan	Short Term	3.84	IVR A4	-	-	-
6.	Proposed	Short Term	3.80	IVR A4	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2030	44.95	IVR BB/ Stable
Electronic Dealer Finance Scheme (EDFS)	-	-	-	Revolving	30.00	IVR BB/ Stable
Loan Against Property	-	-	-	October 2032	31.93	IVR BB/ Stable
Trade Advance	-	-	-	-	36.50	IVR A4
Demo Car Loan	-	-	-	-	3.84	IVR A4
Proposed	-	-	-	-	3.80	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Sahyadri-Motors-08jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security	Detailed Explanation
Financial Covenant	
i.	
ii.	
Non-financial Covenant	
i.	
ii.	

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.