



Press Release
Som Autotech Private Limited
December 10, 2024
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	87.08	ACUITE BBB- Stable Upgraded	-
Bank Loan Ratings	4.42	-	ACUITE A3 Upgraded
Total Outstanding Quantum (Rs. Cr)	113.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to 'ACUITE BBB-' (read as ACUITE triple B minus) from 'ACUITE BB+' (read as ACUITE double B plus) and its short-term rating to 'ACUITE A3' (read as ACUITE A three) from 'ACUITE A4+' (read as ACUITE A four plus) on Rs. 91.50 Cr. of bank facilities of Som Autotech Private Limited (SAPL). The outlook is 'Stable'.

Further, Acuite has assigned its long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) on Rs. 22.00 Cr. of bank facilities of Som Autotech Private Limited (SAPL). The outlook is 'Stable'.

Rationale for Rating

The rating upgrade and migration from 'Issuer not co-operating' takes into account the improvement in the operating performance of the company post completion of their capital expenditure (capex) on expanding its existing capacities and building a new segment of Suspensions. Further, the rating considers the extensive experience of management in the auto components industry along with its long standing relationship with reputed automobile manufacturers. The rating is however, constrained by company's moderate financial risk profile owing to the recent capex and customer concentration risk.

Acuite understands that while the revenue of the company improved to Rs.268.15 Cr. in FY2024 from Rs.229.30 Cr. in FY2023, the operating margin deteriorated from 5.40% in FY2023 to 2.37% in FY2024 owing to stabilisation of operations post capex. Moreover, the company recorded a revenue of Rs 155.21 Cr. at an improved operating margin of 10.23% till H1FY2025.

Acuite believes that the group's ability to grow its scale of operations from the new unit while improving the capital structure remains a key rating indicator.

About the Company

Incorporated in 2011, SAPL is an Aurangabad based privately held company. The directors of the Group are Mr. Vishwanath Jalnapurkar, Mr. Anil Mali and Mrs. Sanjivani Mali. The group is engaged in manufacturing of aluminium die casting components and suspensions for leading automotive OEMs and their ancillaries. It specializes in die casting auto parts by high pressure, low pressure & gravity die casting techniques. The group has further diversified its portfolio in the manufacturing of suspensions in FY2024. The current production capacity for HPDC stands at 450 Mt/Month, LPDC and GDC at 350 Mt/Month, front suspensions at 40,000 pieces/month and rear suspensions at 90,000 pieces/month.

About the Group

The group is engaged in the manufacturing of aluminium die casting components and suspensions for leading

automotive OEMs and their ancillaries. It specializes in die casting auto parts by high pressure, low pressure & gravity die casting techniques. Som Autocast Private Limited is an Aurangabad based 100% subsidiary of Som Autotech Private Limited incorporated in 2019 and the subsidiary has no operations as of now.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of SAPL and Som Autocast Private Limited, together known as Som Group (SG). The consolidation is owing to the common management and financial linkages between the entities.

Key Rating Drivers

Strengths

Established clientele and track record along with experienced management

SAPL primarily caters to leading automotive original equipment manufacturers (OEMs) such as Bajaj Auto Limited, Honda 2W, Varroc Engineering, Greaves Cotton and Dell 'Orto India, etc and has healthy relationships with customers and suppliers which will continue to support the business. The group receives steady flow of repeat orders from the established clients and are diversifying their customer base even further. With pricing quotation updates on every quarter, the company is able to pass on any fluctuation in raw material costs to its customers. The operations of the group are led by Mr. Anil Ramgopal Mali & Mr. Vishwanath Gopal Jalnapukar who possess more than three decades of experience in this industry.

Acuité believes that the group will benefit from the experience of the management in developing healthy relationships with its customers and suppliers.

Growing operations post capex

The group has successfully completed the capex plan in September 2023 for the addition of new suspension facility in Dahegoan, Aurangabad and has also enhanced the existing production capacity of die casting components. The company incurred capex of Rs 58 Cr. of which Rs 17 Cr. was towards expansion of existing capacity and Rs 41 Cr. towards development of new segment. This capex is expected to boost the revenue and profitability for the company in the near to medium term as evident from revenue of Rs. 189.71 Cr. till October' 2024 as against FY2024 revenue of Rs 268.4 Cr. The company also marked significant improvement in margins from FY2024 wherein the operating margin stood at 10.23% and the PAT margin stood at 4.38% in H1FY2025. Also, SAPL is eligible to receive subsidy under the Package Scheme of Incentives (PSI) Subsidy, 2013 where they will be receiving 80% of the capex cost incurred over a span of 10 years from the Government of Maharashtra (GoM). Of this, the company has already received Rs 8.08 Cr. of subsidy in FY2024.

Moderate Working Capital Cycle

The working capital operations are moderate as reflected by Gross Current Assets (GCA) of 90 days as on March 31, 2024 as against 68 days as on March 31, 2023. The GCA days are driven by increase in inventory and debtor levels. The inventory holding days stood at 41 days for FY2024 as against 28 days for FY2023. The average inventory holding period of the group is around 30-45 days. Further, the group receives the production plan from the OEMs at the start of the year and hence can plan the production and supply of the auto parts accordingly. The debtor days stood at 31 days as on March 31, 2024, as against 29 days as on March 31, 2023. The average credit period allowed to the customers are around 30 days. The creditors days stood at 44 days as on March 31, 2024, as against 35 days as on March 31, 2023. The average creditor period received from the suppliers is around 30-45 days. The working capital requirement is funded through bank lines, the average utilisation of bank facilities remains high at ~93 percent for six months ended as of October'2024.

Acuité believes that the working capital operations of the group will be key monitorable in medium term.

Weaknesses

Moderate Financial Risk Profile

The group's financial risk profile is moderate marked by its moderate net worth, moderate gearing and debt protection measures. The tangible net worth of the group stood at Rs. 44.07 Cr. as on March 31, 2024, as against Rs. 42.29 Cr. as on March 31, 2023. The net worth includes industrial promotion subsidy of Rs.17.95 Cr. Owing to the capex incurred, the group's gearing increased and stood at 2.07 times as on March 31, 2024, as against 1.67 times in the March 31, 2023. The total debt of Rs. 91.05 Cr. as on March 31, 2024, consists of long-term borrowings of Rs.39.27 Cr, unsecured loans of Rs. 2.17 Cr. and short-term debt obligations of Rs. 41.74 Cr. The group has done a capex of Rs.58 Cr. in FY23 and FY24 which was funded through the term loan of Rs.30 Cr. and the balance was funded through the net cash accruals. The interest coverage ratio stood at 1.99 times in FY2024 as against 3.95 times in FY2023. The DSCR stood at 1.06 times in FY2024 as against 1.09 times in FY2023.

Exposure to customer concentration risk

The company is exposed to client concentration risk, with the top three customers contributing to around 87% of total revenue in FY2024. Though the company has strong relationship with customers, as reflected in repeat orders, high customer concentration risk makes SAPL vulnerable to downturns in the business of large customers or any change in the clients' business plans. However, management is working towards reducing the customer concentration risk with steady addition of new customers as witnessed from reduction in contribution from the top client by around 5-10% in FY2024.

Rating Sensitivities

- Improving scale of operations while maintaining the profitability margins
- Further deterioration in the financial risk profile
- Elongation in working capital cycle

Liquidity Position Stretched

The group's liquidity profile is stretched marked by net cash accruals of Rs. 7.92 Cr. in FY2024 as against debt obligations of Rs.7.09 Cr. for the same period. However, going forward, the cash accruals of the group are expected to remain in the range of around Rs. 14.00-19.00 Cr. during FY2025-26 against repayment obligations ranging from Rs.11.00 -14.50 Cr. for the same period. The average utilisation of bank facilities is ~93 percent for 6 months ended on October 2024. The group maintains unencumbered cash and bank balances of Rs. 0.02 Cr. as on March 31, 2024. The current ratio stood at 0.80 times as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	268.15	229.30
PAT	Rs. Cr.	1.58	5.72
PAT Margin	(%)	0.59	2.50
Total Debt/Tangible Net Worth	Times	2.07	1.67
PBDIT/Interest	Times	1.99	3.95

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Sep 2024	Bank Guarantee (BLR)	Short Term	1.42	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Term Loan	Long Term	2.23	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	5.66	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Working Capital Term Loan	Long Term	1.91	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	0.04	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	0.48	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Cash Credit	Long Term	30.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Proposed Long Term Bank Facility	Long Term	4.91	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	2.97	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	0.27	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	2.25	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	5.12	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	7.52	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	0.67	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	2.97	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	10.32	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Proposed Long Term Bank Facility	Long Term	1.14	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	6.85	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	1.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Term Loan	Long Term	0.27	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Bank Guarantee (BLR)	Short Term	1.42	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	2.25	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	0.27	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	2.97	ACUITE BBB- Negative (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.91	ACUITE BBB- Negative (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	0.48	ACUITE BBB- Negative (Reaffirmed)

06 Jul 2023	Term Loan	Long Term	0.04	ACUITE BBB- Negative (Reaffirmed)
	Working Capital Term Loan	Long Term	1.91	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	5.66	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	2.23	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	0.27	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	6.85	ACUITE BBB- Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.14	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	10.32	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	2.97	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	0.67	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	7.52	ACUITE BBB- Negative (Assigned)
	Term Loan	Long Term	5.12	ACUITE BBB- Negative (Assigned)
02 May 2023	Bank Guarantee (BLR)	Short Term	1.42	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.08	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.74	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.05	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.19	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.89	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.37	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.26	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	6.80	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.19	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.42	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	8.56	ACUITE BBB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	3.98	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.12	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.19	ACUITE BBB- Stable (Reaffirmed)
		Long		

28 Mar 2022	Term Loan	Term	0.05	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.10	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.34	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.72	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.25	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.26	ACUITE BBB- Stable (Reaffirmed)
24 Mar 2021	Bank Guarantee (BLR)	Short Term	1.42	ACUITE A4+ (Assigned)
	Term Loan	Long Term	0.10	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.40	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.25	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.09	ACUITE BB+ Stable (Assigned)
	Working Capital Term Loan	Long Term	4.85	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	4.06	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	15.50	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.67	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.78	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.44	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.01	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.33	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	3.95	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.15	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Saraswat Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.42	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Saraswat Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB- Stable Upgraded (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.	0.05	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Sep 2029	10.47	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Sep 2029	2.97	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2029	0.68	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2029	8.33	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2029	5.14	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2029	2.54	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2026	1.23	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 May 2031	0.27	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jun 2029	1.21	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2028	5.27	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jan 2026	3.15	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)

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Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2031	0.77	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Nov 2031	5.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB+)
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 May 2031	1.52	Simple	ACUITE BBB- Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2031	0.48	Simple	ACUITE BBB- Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jun 2031	20.00	Simple	ACUITE BBB- Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Som Autotech Private Limited
2	Som Autocast Private Limited

Contacts

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About Acuité Ratings & Research

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