



**Press Release**  
**OJA AUTOMOBILES PRIVATE LIMITED**  
**March 25, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	42.50	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative	-
Bank Loan Ratings	11.00	-	ACUITE A2   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	53.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short term rating to '**ACUITE A2**' (read as **ACUITE A two**) for the Rs.53.50 Cr. bank facilities of Oja Automobiles Private Limited (OAPL). The outlook has been revised from "**Stable**" to "**Negative**".

**Rationale for rating**

The revision in outlook to negative reflects decline in operating and profitability margins albeit increase in sales in FY2024. The EBITDA margins for FY2024 stood at 1.13% (PY 1.44%) and PAT margins reduced to 0.87% (PY 1.04%). Further, OAPL's operating performance has been hampered in 9MFY2025, due to delay in payments from government contractors coupled with changes in road tax policies in the state of Assam. The reaffirmation considers efficient working capital management and healthy financial risk profile with adequate coverage ratios and low leverage. However, the company is prone to intense competition from other automobile manufacturers in the market along with variation in the raw material prices i.e spare parts of automobiles, which continue to remain monitorable.

**About the Company**

OAPL, established in 2005, operates from Guwahati in Assam and holds authorized dealership for Hyundai Motor India Limited and JCB India Ltd. Founded by Mr. Rajdeep Oja and Mr. Debaraj Oja, the company possesses five showrooms equipped with 3S facilities in Guwahati and Tezpur for Hyundai Motor India Limited. Additionally, it maintains a sales outlet in Kamrup and a second-hand vehicle showroom in Guwahati. Furthermore, OAPL manages two showrooms for JCB and operates 12 service stations across Assam. Moreover, the company functions as a C&F agent for Hyundai spare parts covering the entire North East India region.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of OAPL while arriving at the rating.

## **Key Rating Drivers**

### **Strengths**

#### **Experienced management and established market position in Assam**

OAPL was established in the year 2005 by Mr. Rajdeep Oja and Mr. Debaraj Oja. The directors of the company have more than 15 years of experience in the automobile dealership business. The extensive experience of the

management has helped the company establish long-term relations with the Hyundai Motors India Limited, JCB India Limited and OEM's. The company has an established position in Assam (with two showrooms and 12 service stations spread across Assam). Additionally, the company is an authorized dealer of Hyundai Motors India Limited (HMIL). OAPL has 5 showrooms along with a sales outlet in Kamrup and a second hand vehicle showroom in Guwahati.

### **Healthy financial risk profile**

The financial risk profile of the company is marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net worth of the company stood at Rs.57.08 Cr. as on March 31, 2024 as compared to Rs.51.90 Cr. as on March 31, 2023 due to accretion to reserves. The gearing of the company stood below unity at 0.48 times as on 31 March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.84 times as on March 31, 2024. The company has taken additional debt in FY2024 of Rs.2.75 Cr. for setup of a warehouse in Assam. The same has been completed in 9MFY2025. However, the debt protection metrics of the company have moderated slightly because of the same. Interest coverage ratio (ICR) stood at 4.37x(PY 4.66x) and debt service coverage ratio (DSCR) of 3.66x (PY 3.86x) for FY2024. The net cash accruals to total debt (NCA/TD) stood healthy at 0.26 times in FY2024(PY 0.21x) due to higher accruals. Going forward, Acuité believes that financial risk profile will remain moderate over the medium term, supported by healthy internal accrual generation and absence of any capex plans.

### **Efficient working capital management**

The working capital of the company is efficient marked by moderate Gross Current Assets (GCA) of 53 days for FY2024 as compared to 67 days for FY2023. The GCA days are mainly on account of minimal receivables days and moderate inventory days. The debtor days of the company stood at 9 days for FY2024 as against 12 days for FY2023. Most of the receivables are from financing companies for the sale of JCB CVs and Hyundai cars. The same is realized within 15-20 days. Of Rs.14.44 Cr. in FY2024 of trade receivable ~Rs.10 Cr. is from financing companies and rest includes payments from retail customers. Further, the inventory days of the company stood moderate at 33 days in FY2024 as compared to 38 days in FY2023. Inventory write-downs have occurred however the amount is minimum. However, due to lower sales in FY2025, Acuite expects the inventory to build up as was witnessed in FY2024 where in sales and inventory both increased, and inventory on year end was higher. Further, the GCA days of the company has also emanates from the high other current asset, which mainly consists of loans and advances and statutory deposits. Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

### **Weaknesses**

#### **Decline in scale of operations and margins in FY2025**

The scale of operations of the company had witnessed improvement in FY2024 marked by increase in revenue to Rs. 592.34 Cr. in FY2024 as against Rs. 527.07 Cr. in FY2023. The top line has been growing year on year (y-o-y) by 12.38 %. The steady growth in revenue is driven by increase in realization per unit sold during the period. However, the turnover of the company has reduced in FY2025 ~ Rs.322 crore till December 2024. The major reason is due to delay in government contractor payments for JCB CVs. Additionally, Government elections had stalled orders for JCB CV sales of OAPL which impacted their topline for 9MFY2025. For the Hyundai division, the road tax had increased in Assam from August 2024 and OAPL was unable to pass it entirely as cost to customers. Major costs in FY2024 include raw material cost, employee cost and administrative costs-freight costs. OAPL supplies Hyundai spare parts to all the dealers in Northeast, for which major cost incurred is freight cost. The operating margin of the company has decreased to 1.13 per cent in FY2024 as 1.44 per cent in FY2023. The PAT margin also decreased to 0.87 per cent in FY 2024 as compared to 1.04 per cent in FY2023. However, net cash accruals have improved marginally to Rs.7.05 Cr. in FY2024. Acuité believes the profitability margin of the company will have moderations over the medium term.

#### **Stiff competition from other dealers of HMIL and other brands**

With HMIL focusing on expanding its dealership network, it results in increased competition within its own dealers. Furthermore, the industry competition is also with other automobile companies like Honda Cars Ltd, Tata Motors Ltd, Maruti Suzuki India Ltd, etc. Launching new models at competitive prices, results into eating the market share of HMIL which in turn also affects its dealers including OAPL.

### **Rating Sensitivities**

1. Growth in revenue along with improvement in profitability margins
2. Elongation in working capital cycle

### **Liquidity Position Adequate**

The company has adequate liquidity marked by adequate net cash accruals of Rs.7.05 Cr. as on March 31, 2024 as against nil long term debt obligations over the same period. The cash and bank balance stood at Rs. 6.22 Cr. for FY2024. Further, the bank limit of the company has been ~70 percent utilized for the last twelve months ended in December 2024. The current ratio of the company stood comfortable at 1.91 times in FY2024, due to lower bank limit utilization as on 31st March,2024. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals which are sufficient for debt repayments over the medium term.

**Outlook: Negative**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	592.34	527.07
PAT	Rs. Cr.	5.18	5.50
PAT Margin	(%)	0.87	1.04
Total Debt/Tangible Net Worth	Times	0.48	0.66
PBDIT/Interest	Times	4.37	4.66

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

Not Applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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. Acuite'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Dec 2023	Inventory Funding	Short Term	10.00	ACUITE A2 (Reaffirmed)
	Inventory Funding	Short Term	1.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	11.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB+   Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	1.65	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.75	ACUITE BBB+   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.10	ACUITE BBB+   Stable (Reaffirmed)
20 Oct 2022	Inventory Funding	Short Term	10.00	ACUITE A2 (Reaffirmed)
	Inventory Funding	Short Term	1.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	11.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB+   Stable (Reaffirmed)
	Stand By Line of Credit	Long Term	3.00	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BBB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.00	Simple	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Axis Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A2   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.85	Simple	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.65	Simple	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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