



Press Release
DECCAN SALES AND SERVICES PRIVATE LIMITED
April 17, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.70	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	37.80	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	10.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	57.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) and short term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three Plus**) on the Rs.47.80 crore bank facilities of Deccan Sales and Services Private Limited (DSSPL). The outlook is ‘**Stable**’.

Acuité has assigned long term rating of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) and short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three Plus**) on Rs.9.70 crore bank facilities of Deccan Sales and Services Private Limited (DSSPL). The outlook is ‘**Stable**’.

Rational for rating reaffirmation

The rating reaffirmation considers improvement in revenues albeit moderation in profitability along with healthy financial risk profile. The rating further draws support from experienced management and long track record of operations. The rating is however constrained due to moderately intensive working capital operations and high competition risk.

About the Company

Deccan Sales and Services Private Limited (DSSPL) is an Indore based company, established as a proprietorship firm in 1996 by Mr. Ratiram Patil and later reconstituted as a private limited company in 2007. The current directors of the company are Mr. Prashant Ratiram Patil, Mr. Manikrao Patil, Mr. Deepak Patil and Mr. Ratiram Sitaram Patil. DSSPL is an authorized dealer of Cummins India Limited, L&T Construction Limited, BK Tyres, Valvoline Inc., Mahindra & Mahindra, Komatsu India Private Limited, Wipro Water equipment, Chicago Pneumatic & Elgi Equipment for spare parts and after sales services. The company is currently operating in 8 regions for spares cum service centers in Indore (Madhya Pradesh), Surat, Baroda, Ahmedabad, Vapi and Rajasthan to name a few.

About the Group

Deccan Technosecurity & Utility Services Private Limited (DTUPL) is a private limited company incorporated in the year 2011. The company is into providing techno engineering solutions, outsourcing services, man power supply, after sales services, utility services, maintenance & engineering contracts etc. The company is a wholly

owned subsidiary of DSSPL with holding of 50.23 per cent as on date. The directors include, Mr. Ratiram Patil, Mr. Prashant Patil and Mr. Deepak Patil.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated Business and financial risk profiles of Deccan Sales And Services Private Limited (DSSPL) and its subsidiary i.e. Deccan Technosecurity & Utilityservices Private Limited (DTUPL) to arrive at the rating on account of common management, operational and financial linkages.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

Deccan group is promoted by Mr. Ratiram Patil who has over a decade of experience as an authorized dealer of Cummins India Limited. The company started its operation in Indore and over the years, has expanded its presence in Surat, Baroda, Ahmedabad and Vapi, among others. In addition, Mr. Patil has promoted Deccan Vehicles Private Limited - a TATA Authorized Service Station (TASS) for repair & maintenance of Telcos, HCVs, & LCVs and Deccan Techno Solutions Private Limited which provides human resource outsourcing services and undertakes utilities contracts. Acuité believes that the company will continue to benefit from its experienced management and established track record of operations.

Improved revenues albeit moderation in profitability

The revenue of Deccan group stood improved at Rs. 350.00 Cr. in FY2024 as against Rs.294.22 Cr. in FY2023. DSSPL has achieved revenue of ~Rs.406.00 Cr. and DTUPL has achieved a revenue of ~27.00 Cr. in 12MFY2025 (Estimates). The improvement in revenues is on account of opening of new shop in Rajasthan. The operating margin of the group moderated and stood at 4.55 percent in FY2024 as against 4.43 percent in FY2023 due to absorption of fixed cost to an extent, also the net profit margin of the group improved and stood at 1.86 percent in FY2024 as against 1.76 percent in FY2023 due to an increase in the interest cost during the year. For the current year as of March 2024, Acuité believes, the ability of the group to achieve a sustain improvement in operating performance along with profitability will remain a key rating sensitivity factor.

Healthy financial risk profile

Financial risk profile of Deccan group remained healthy marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net-worth of the group stood improved at Rs. 46.39 Cr. as on 31 March, 2024 as against Rs.39.96 Cr. as on 31 March, 2023 due to accretion of profits to reserves. It also includes the unsecured loans from directors of Rs.5.60 Cr. been treated as quasi equity since they are subordinated to the bank borrowings. The gearing (debt-equity) therefore stood improved at 0.97 times as on 31 March, 2024 as against 1.03 times as on 31 March, 2023. The total debt of Rs.45.21 Cr. as on March 31, 2024 comprises of long term bank borrowings of Rs.3.55 Cr, short term bank borrowings of Rs.38.25 Cr. and Rs.3.41 Cr. of CPLTD. The interest coverage ratio and DSCR stood comfortable at 2.98 times and 1.41 times for FY2024 as against 3.01 times and 1.35 times for FY2023. The Net Cash Accruals to Total debt stood at 0.19 times for FY2024 as against 0.17 times for FY2023. The Total outside liabilities to Tangible net worth stood improved at 2.16 times for FY2024 as against 2.02 times for FY2023. The Debt-EBITDA ratio stood improved at 2.80 times for FY2024 as against 2.88 times for FY2023.

Acuité believes, the financial risk profile of the group would remain healthy over the medium term in the absence of major debt-funded capex plan.

Weaknesses

Working capital intensive nature of operations

The working capital operations of Deccan group are moderately intensive marked by its Gross Current Assets (GCA) of 125 days for FY2024 as against 121 days for FY2023, primarily on account of high other current assets and moderate inventory period. The inventory holding stood at 54 days as on 31st March, 2024 as compared to 52 days as on 31st March, 2023. The average inventory holding period stood around ~40-50 days. Further, the debtor period stood at 53 days as on March 31, 2024 as compared to 55 days as on 31st March 2023. Also, the creditor period stood at 51 days in FY2024 as against 42 days in FY2023. The average credit period allowed by suppliers is 30-45 days. The bank limit utilization for fund based limits stood high at ~96 per cent for fund based facilities for six months ending March 2025 and for non-fund based facilities it ~86 per cent for six months ending January 2025.

Acuité believes that the ability of Deccan group to maintain an efficient working capital cycle over the medium term will remain a key rating sensitivity factor.

Highly fragmented and competitive industry

The group operates in a highly competitive and fragmented industry characterised by large number of players. Further, its current profitability remains modest, given the low valueadded nature of trading business and competition from dealers for other manufacturers in the segment.

Rating Sensitivities

- Ability to continuously improve revenues and profitability
- Elongation in working capital cycle
- Changes in financial risk profile

Liquidity Position

Adequate

Deccan group has adequate liquidity position marked by sufficient net cash accruals (NCA) to its maturing debt obligations. The group generated cash accruals in the range of Rs.8.44 Cr. during FY2024 against its debt repayment obligation of Rs.4.42 Cr. during the same period. Going forward, the NCA are expected in the range of Rs.11 Cr. to Rs.15 Cr. for the period FY2025-FY2026 against its debt repayment obligation in the range of Rs.3 Cr. during the same period. The working capital operations of Deccan group are moderately intensive marked by its Gross Current Assets (GCA) of 127 days for FY2024 as against 125 days for FY2023T. The bank limit utilization for fund based limits stood high at ~96 per cent for fund based facilities for six months ending March 2025 and for non-fund based facilities it ~86 per cent for six months ending January 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	350.00	294.22
PAT	Rs. Cr.	6.51	5.17
PAT Margin	(%)	1.86	1.76
Total Debt/Tangible Net Worth	Times	0.97	1.03
PBDIT/Interest	Times	2.98	3.01

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

- 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>
- 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. 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
29 Jan 2024	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	0.10	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	34.65	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	2.85	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.20	ACUITE BBB Stable (Assigned)
17 Jan 2024	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	0.10	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	34.65	ACUITE BBB Stable (Reaffirmed)
19 Oct 2022	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	0.49	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	31.50	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.76	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
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A3+ Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	37.80	Simple	ACUITE BBB Stable Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.70	Simple	ACUITE BBB Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3+ Reaffirmed

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

Sr No	Company Name
1	Deccan Sales and Services Private Limited
2	Deccan Technosecurity & Utilityservices Private Limited

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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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