



**Press Release**  
**Ocean Motors Private Limited**  
**January 02, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	77.50	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	3.50	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	81.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘ACUITE BB+’ (read as **ACUITE Double B Plus**) and short-term rating of ‘ACUITE A4+’ (read as **ACUITE A Four Plus**) on the Rs. 81.00 Cr. bank facilities of Ocean Motors Private Limited (OMPL). The outlook remains 'Stable'.

**Rationale for Reaffirmation**

The rating reaffirmation takes into account the healthy operating performance of the company marked by growing revenue and steady margins. The rating also factors the established market position and long association of company with Maruti Suzuki India Limited (MSIL). However, these strengths are partially offset by high working capital requirement leading to moderate financial risk profile and competitive nature of industry with limited bargaining power.

**About the Company**

Ocean Motors Private Limited (Erstwhile Patel Service Center) is an Indore, Madhya Pradesh based company which was established in the year 2002 as a proprietorship firm and was later reconstituted as a private limited company in the year 2011. The company was initially engaged as a Maruti Authorized Service Station and later in the year 2011 the company became dealer of MSIL. The company is promoted by Mr. Mahendra Patel and Mr. Ravi Nagar. The company owns 13 showrooms which includes 10 showrooms of Arena and 3 showrooms of NEXA, all located in Madhya Pradesh.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of OMPL to arrive at this rating.

## **Key Rating Drivers**

### **Strengths**

#### **Extensive management experience and long track record of operations**

OMPL started its operation as an Maruti authorized service station and later in 2011 it became the authorised dealer for passenger vehicle segment of MSIL. The company has an established track record of operations of more than two decades in the automobile industry. Further, the company benefits from its association with MSIL

(market share of MSIL is more than 40% in the Indian Automobile Industry) and its aggressive marketing strategy. Apart from the sales of new cars, the company has diversified its business into sales of pre-owned cars (True Value Showrooms), motor driving school, spare parts and services, and acts as a direct selling agent for NBFCs and insurance companies.

Acuité believes that the company will continue to benefit from experienced management and association with MSIL.

### **Growing scale of operations with steady margins**

The revenue of the company improved and stood at Rs. 537.07 Cr. in FY24 as compared to revenue of Rs. 438.59 Cr. in FY23. The growth in the operating income is mainly driven by increasing demand of passenger vehicle and the addition of new showrooms by the company. Further, the operating profit margin of the company improved marginally and stood at 2.32 percent in FY24 as compared against 2.20 percent in FY23, owing to the efficiency in operations of the company and diversified revenue streams. Further, the debtor days stood improved at 6 days in FY24 as against 14 days in FY23. Additionally, the company is expected to add four new showrooms and one workshop in the coming fiscal. The company has already achieved Rs. 356.50 Cr. of revenue till November' 2024.

Acuité believes, the revenue growth is expected to continue in the medium term.

### **Weaknesses**

#### **Moderate financial risk profile driven by high working capital requirements**

The company's financial risk profile is moderate marked by its average net worth, moderate gearing and moderate debt protection metrics. While the tangible net worth of the company stood improved at Rs. 25.93 Cr. as on March 31, 2024, as against Rs. 24.20 Cr. as on March 31, 2023, the gearing of company increased from 2.05 times as on March 31, 2023 to 4.77 times as on March 31, 2024. This is mainly driven by the increase in working capital requirement owing to high inventory days which stood at 62 days in FY2024 as against 20 days in FY2023. Moreover, the DSCR stood at 1.08 times in FY2024 as against 1.04 times in FY2023.

Acuité believes, the efficient management of working capital shall be a key monitorable.

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

MSIL's focus on expanding its dealership network is expected to increase competition among its own dealers. Furthermore, the company is also exposed to intense competition from other automobile companies such as Honda, Tata Motors, Hyundai, Mahindra and Kia to name a few. Besides, launch of new models by peers at competitive prices eats into the market share of MSIL, which in turn affects dealers including OMPL. Further, the rating is constrained by the inherent cyclicity in the automobile sector and outlook for passenger cars.

### **Rating Sensitivities**

- Substantial improvement in the scale of operation with margin
- Stretch in the working capital cycle resulting into increased reliance on working capital borrowings
- Any further debt funded capital expenditure that adversely impacts the financial risk profile

### **Liquidity Position**

#### **Adequate**

The company has adequate liquidity position marked by adequate net cash accruals of Rs. 5.53 Cr. in FY2024 as against its maturing debt obligations of Rs. 4.61 Cr. for the same period. Going forward, the cash accruals of the company are estimated to remain in the range of around Rs. 5.60-7.00 Cr. during FY2025-26 against repayment obligations ranging around Rs. 5.00 Cr. for the same period. The average utilisation for the cash credit facility remains at ~23.11 percent and for the inventory funding facility, the average utilisation was ~75.94 percent for past six months ended November' 2024. Furthermore, the company maintains unencumbered cash and bank balances of Rs. 1.74 Cr. as on March 31, 2024. The current ratio stood moderate at 1.00 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.	537.07	438.59
PAT	Rs. Cr.	1.71	1.53
PAT Margin	(%)	0.32	0.35
Total Debt/Tangible Net Worth	Times	4.77	2.05
PBDIT/Interest	Times	1.95	2.26

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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
05 Oct 2023	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	12.84	ACUITE BB+   Stable (Reaffirmed)
	Inventory Funding	Long Term	6.10	ACUITE BB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.56	ACUITE BB+   Stable (Reaffirmed)
	Inventory Funding	Long Term	14.00	ACUITE BB+   Stable (Reaffirmed)
	Inventory Funding	Long Term	15.00	ACUITE BB+   Stable (Reaffirmed)
	Proposed Inventory Funding	Long Term	15.00	ACUITE BB+   Stable (Assigned)
03 Jul 2023	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Term Loan	Long Term	22.85	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Inventory Funding	Long Term	6.10	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Term Loan	Long Term	1.98	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	18.57	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
26 Apr 2022	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB-   Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	22.85	ACUITE BBB-   Stable (Reaffirmed)
	Inventory Funding	Long Term	6.10	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.98	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	18.57	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.50	ACUITE A3 (Upgraded from ACUITE A4+)
	Channel/Dealer/Vendor Financing	Short Term	7.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Channel/Dealer/Vendor Financing	Short Term	5.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	8.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Inventory Funding	Long Term	1.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Inventory Funding	Long Term	3.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Inventory Funding	Long Term	12.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)

09 Feb 2021	Inventory Funding	Long Term	10.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Secured Overdraft	Long Term	5.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	0.32	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	7.90	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	0.43	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Term Loan	Long Term	1.58	ACUITE BBB-   Stable (Assigned)
	Working Capital Term Loan	Long Term	1.27	ACUITE BBB-   Stable (Upgraded from ACUITE BB)
	Cash Credit	Long Term	10.00	ACUITE BBB- (Upgraded & Withdrawn from ACUITE BB)
	Cash Credit	Long Term	10.00	ACUITE BBB- (Upgraded & Withdrawn from ACUITE BB)
05 Jan 2021	Bank Guarantee (BLR)	Short Term	3.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Channel/Dealer/Vendor Financing	Short Term	7.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Channel/Dealer/Vendor Financing	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	10.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	10.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Inventory Funding	Long Term	1.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Inventory Funding	Long Term	3.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Inventory Funding	Long Term	12.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Secured Overdraft	Long Term	5.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Secured Overdraft	Long Term	6.37	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	2.05	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	9.20	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Term Loan	Long Term	1.39	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Working Capital Term Loan	Long Term	2.49	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE A4+   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE BB+   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE BB+   Stable   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.10	Simple	ACUITE BB+   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.37	Simple	ACUITE BB+   Stable   Reaffirmed
Kotak Mahindra Prime Limited	Not avl. / Not appl.	Term Loan	21 Dec 2021	Not avl. / Not appl.	05 Jan 2027	4.11	Simple	ACUITE BB+   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	31 Jan 2020	Not avl. / Not appl.	29 Jun 2026	0.92	Simple	ACUITE BB+   Stable   Reaffirmed

## Contacts

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