

Omega Seiki Mobility Private Limited

July 31, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE D	Revised from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE) has revised the rating assigned to the bank facility of Omega Seiki Mobility Private Limited (OSM) to CARE D on account of instance of delay in servicing of interest on debt obligation by the company.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely servicing of debt obligations for more than 90 days.

Analytical approach: Standalone after factoring in linkages with Omega Seiki Private Limited

Outlook: Not Applicable

Detailed description of the key rating drivers:

Key weaknesses

Instances of delays in servicing of debt obligation

As per feedback from the lender and bank statements received, OSM has reported instance of delay in interest servicing in month of June 2024. The interest payment was due on June 10, 2024 and same was paid on June 11, 2024. The instance of delay was largely on account of poor liquidity position of the company owing to operating losses and delay in support received from the promoters.

Nascent stage of operations

The company maintains fleet of vehicles which is rented out to logistic players. The company is currently in nascent stage of operations. The scale of operations of the company stood modest at Rs 22.34 crores in FY24 (refers to the period from April 01, 2023 to March 31, 2024), the same has however improved significantly and is more than 3x of revenue booked in FY23 backed by orders from Smartshift Logistics Solutions Pvt Ltd (Porter) and Innovative Retail Concepts Pvt Limited (Big Basket). As on March 31, 2024, company maintains 600 vehicles on its own and 3400 vehicles are on lease. For OSM, ~95% of cost pertains to vehicle operational cost with lease rental accounting for 50% of total cost. With increased number of vehicles on operating lease the lease rental has increased resulting in operating loss of Rs 23.19 crores in FY24. (PY: Rs -1.24 crores). Further, the increased finance cost and depreciation expenses resulted in net loss of ~Rs 35.00 crores in FY24. (PY: Rs -3.47 crores). The company is expected to continue making losses over the next three years due to high lease rentals.

Weak Financial Risk profile-

Company is maintaining fleet which is mix of owned and leased. As on March 31, 2024; OSM has availed term loan to purchase fleet of vehicles outstanding at Rs 28.64 crores and has lease liability of Rs 18.06 crores. Further, the promoters have infused unsecured loans to the tune of Rs 46.73 crores as on March 31, 2024. The net worth base of the company is negative due to loss making operations and is expected to remain negative in near to medium term as company is envisaged to continue making losses. The company is unable to meet its financial obligation due to negative gross cash accruals. The financial obligation in near to medium term will be served through support from promoters.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Presence in highly competitive industry

Fleet management industry is growing industry owing to favourable government regulations especially subsidies for Electric Vehicles (EVs) fleet. The major business is concentrated with top four players such as WheelsEye, LocoNav, Uffizio and Letstrack catering diverse industry segment and geographies through their GPS-enabled fleet vehicles. Other notable players in this segment are Autoplant, Axestrack, Volty and Fleetx. Remaining fleet management industry is fragmented among small players having negligible market share. The competitive market space reduces negotiation power of small and upcoming players resulting in lower margins and elongated collection period.

Key strengths**Reputed Clientele**

Company is associated with reputed players in logistic and e-commerce industry such as Smartshift Logistics Solutions Pvt Ltd (Porter), Innovative Retail Concepts Pvt Limited (Big Basket), Instakart Services Private Limited, Flipkart and Amazon. As a fleet management company, its fortunes are tied to growth in e-commerce and logistic industry which are further cyclic in nature. The growing e-commerce segment and existing relations of Omega Seiki Private Limited (parent company) with various e-commerce players is expected to benefit the marketing initiatives of Omega Seiki Mobility Private limited and adding new reputed names to its clientele.

Efficient operating cycle management

The business of fleet management is a service-based business model and does not require any inventory. The payment cycle from major logistic players is around 1 month, thereby resulting in an average collection period of 34 days in FY24. Payment towards lease rental and salaries payable to fleet drivers are regular payment charges scheduled to be payable during first week of every month. Other overhead expenses are extended by more than a month resulting in average creditor period of 28 days. The operating cycle thus stood comfortable at 7 days in FY24.

Experienced and Resourceful promoters with continuous financial and technical support

OSM was founded by Mr. Uday Narang in June 2019. The company is wholly owned subsidiary of Omega Seiki Private Limited (OSPL), a leading manufacturing concern in EV Space having four manufacturing plants in India. Mr. Uday Narang has an experience of around two decades as a fund manager in USA and more than half a decade with OSPL. Currently, Omega Seiki Mobility Private Limited is procuring vehicles from its group company and going forward will purchase vehicles from Omega Seiki Private Limited. The management is common between both the entities. Also, the company benefits from OSPL's established network with e-commerce and logistic players. Further, the management is common between Omega Seiki Mobility Private Limited and Omega Bright Steel Private Limited (CARE BBB-; Stable/ CARE A3).

OSPL (parent entity) has infused additional equity to the tune of Rs 13.78 crores during FY24. Further, the promoters have infused additional unsecured loans of Rs 32.95 crores during FY24. Thus, there is financial support from promoters. The company also gets technical support from OSPL in terms of getting additional contracts by leveraging existing network of OSPL. Further, the company also gets maintenance support from its parent entity, OSPL, for all the vehicles operated. The companies share synergies with regard to marketing and human resources and thus reduces duplication of efforts and results in cost saving.

Liquidity: Poor

OSM has poor liquidity position as marked by instance of delay in repayment of interest on term debt availed.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Factoring linkages Parent Sub JV Group](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Services	Logistics Solution Provider

Omega Seiki Mobility Private Limited (OSM) is a fleet management company based out of New Delhi. OSM was incorporated in June 2019 however the operations commenced in FY22. The company is currently at a nascent stage and is maintaining fleet of electronic vehicles (EVs) for renting out to major logistic players. The company procures the vehicles from its parent company Omega Seiki Private Limited (Omega Seiki) which is engaged in manufacturing of Electronic Vehicles (EVs). As on March 31, 2024 the fleet managed stood at 4000 vehicles. The promoters are common between Omega Seiki Mobility Private Limited and Omega Seiki Private Limited.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	6.61	22.34
PBILDT	-1.24	-23.19
PAT	-3.47	-35.08
Overall gearing (times)	-4.94	-3.88
Interest coverage (times)	-0.60	-3.36

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2029	20.00	CARE D

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	20.00	CARE D	-	1)CARE BB-; Stable (10-Oct-23)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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