

## OSL MOTOCORP PRIVATE LIMITED

March 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	5.00	CARE BB-; Stable	Assigned
Short Term Bank Facilities	35.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of OSL Motocorp Private Limited (OMPL) is constrained by limited geographical presence, inherent competition and cyclical nature of the auto industry, dependence on the fortunes of MSIL with low bargaining power, leveraged capital structure with low net worth base and modest debt coverage indicator.

The rating however derives strength from OMPL being a part of an established group & long experience of the promoters in the auto- dealership business, long term association with a leading OEM (Maruti Suzuki India Limited) in Passenger Vehicle (PV) segment and moderate scale of operations and moderate margins.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growth in scale of operations marked by TOI of above 250 crores while maintaining PBILDT margins at current levels on a sustained basis.
- Improvement in capital structure with overall gearing below 3.0x

#### Negative factors

- Decline in sales below Rs. 150 crores and PBILDT margin below 3.0% on a sustained basis
- Deterioration in the capital structure as marked by the overall gearing ratio above 6.00x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The company is expected to uphold its operational performance, driven by the promoters' vast experience in the auto industry and their long term relationship with MSIL.

### Detailed description of key rating drivers:

#### Key weaknesses

**Inherent competition and cyclical nature of the auto industry:** The company faces competition from products offered by other OEMs and dealers in the same market. To gain market share, auto dealers often provide better purchase terms, such as discounts, which can put pressure on profit margins and negatively affect the dealers' earnings potential. Additionally, the automotive industry is naturally susceptible to economic cycles and is highly influenced by factors like interest rates and fuel prices. As a result, the company is exposed to considerable risks stemming from the cyclical nature of the auto industry.

**Dependence on the fortunes of MSIL with low bargaining power:** The business model of OMPL is in the nature of trading with thin margins. Dealers lack bargaining power due to its dependence on such large principals that set policies, targets and link incentive based income to satisfactory compliance of such policies. The company is exposed to the risk of change in policy by the principal with regards to the dealership. Accordingly, the financial risk profile of the company has a high degree of correlation with the performance of OEM's vehicles in the market and their ability to launch new products. Further, any reputational damage to the OEM would impact the sales of dealerships.

**Leveraged capital structure with low net worth base and modest debt coverage indicator:** Although overall gearing ratio of the firm slightly improved from 5.46x as on Mar 31, 2023 to 5.16x as on Mar 31, 2024, the capital structure continues to remain leveraged. This is mainly due to small net worth base of Rs 8.74 crores as of Mar 31, 2024 (PY: Rs 8.22 crores). Debt

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

protection metrics also remained modest owing to moderate margins and high interest outgo pertaining to utilization of inventory funding / cash credit limits. Interest coverage and total debt to GCA stood at 1.34 times (PY: 1.57 times) and 27.78 times (PY: 21.05 times) in FY24 respectively.

**Limited geographical presence:** The company's scale of operations remained moderate over the years, due to its limited geographical presence. It has a non-exclusive dealership for MSIL's passenger vehicles in and around Kolkata. As a result, the company is unable to leverage economies of scale, and during periods of financial difficulty, it may face greater challenges compared to other companies in the same industry that have multiple showrooms across different regions.

### Key weaknesses

**Part of an established group & long experience of the promoters in the auto- dealership business:** OMPL is a part of OSL group which has a wide range of auto dealership (passenger vehicle of Maruti Suzuki India Ltd, two wheelers of Bajaj Auto Ltd under OSL Auto Pvt Ltd, three wheeler of Bajaj Auto under Kolkata Auto Agencies Pvt Ltd and commercial vehicle of Tata Motors Ltd under OSL Automotives Pvt Ltd), logistics (transport of vehicle under OSL Logistics Pvt Ltd), etc. The promoters have a decade long association with Maruti in the auto dealership industry. Apart from the above, the group is also involved in various industries, including hospitality, confectionery and real estate.

The promoters, Mr. Nirmal Kumar Goyal and Mr. Sanjay Kumar Goyal possess over 30 years and 20 years of experience, respectively, in the automobile dealership industry. OMPL was established in April 2015, with the company dealing in a wide range of Maruti Suzuki India Limited vehicles in and around Kolkata. Furthermore, other entities within the OSL group hold dealerships for major automobile brands, including TATA Motors, Bajaj Auto, and others.

**Long term association with a leading OEM (Maruti Suzuki India Limited) in PV segment:** OMPL is engaged in automobile dealership business for over a decade and has a long-standing association with its principal Maruti Suzuki India Limited (MSIL). OMPL is an authorized dealer for passenger vehicles of MSIL having 4 showrooms (3 Arena and 1 Nexa), 1 True Value showroom and 1 workshop across Kolkata and neighbouring areas. OMPL has an integrated mode of operations, functioning in various verticals of automobile dealership business to provide one stop solution to its customers. It operates service stations, sells spare parts, second hand vehicles and has tie-ups for vehicle finance. This allows it to provide a comprehensive range of services to the customer at a single point.

**Moderate scale of operations and moderate margins:** The company's total operating income (TOI) has grown at a CAGR of 3.69% with total operating income increasing from Rs.145.57 crore in FY20 to Rs.174.50 crore in FY24 mainly driven by sale of higher ticket sized vehicles. In 10MFY25, the company's TOI stood at Rs.141.71 crores.

Per vehicle realization has increased from Rs.4.73 lakh in FY22 to Rs.5.64 lakh in FY24. PBILDT margin though marginally improved, has remained moderate at 3.59% in FY24 (3.34% on FY23) due to increased competition. PAT margin remained low and moderated from 0.57% in FY23 to 0.30% in FY24 due to higher interest expenses.

### Liquidity: Stretched

OMPL's liquidity is stretched marked by near unity current ratio and average monthly utilization of fund based working capital limit standing at around 92.4% for last 12 month ending Nov 2024. In FY25, the company's debt repayment obligation stands at Rs.2.63 crore which is tightly matched with cash accruals. The promoters have articulated to infuse funds if required.

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Auto Dealer](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

OSL Motocorp Private Limited (OMPL), incorporated in 2012 operates under OSL group which was founded by Shri Om Prakash Goyal. OMPL started its journey with MSIL in April 2015 under its directors, Mr. Nirmal Kumar Goyal and Mr. Sanjay Kumar Goyal. OMPL is an authorized dealer for passenger vehicles of Maruti Suzuki India Limited (MSIL) having 4 showrooms (3 Arena and 1 Nexa), 1 True Value showroom and 1 workshop across Kolkata and neighbouring areas. The company derives majority of revenue from sale of vehicle and sale of spare parts, pre-owned cars and servicing of vehicles.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10MFY25 (U/A)
Total operating income	191.24	174.50	141.71
PBILDT	6.39	6.27	NA
PAT	1.08	0.52	NA
Overall gearing (times)	5.46	5.16	NA
Interest coverage (times)	1.57	1.34	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE BB-; Stable
Fund-based - ST-Others		-	-	-	35.00	CARE A4

### Annexure-2: Rating history for 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-Cash Credit	LT	5.00	CARE BB-; Stable	-	-	-	-
2	Fund-based - ST-Others	ST	35.00	CARE A4	-	-	-	-

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

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Others	Simple

**Annexure-5: Lender details**

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

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

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## About us:

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