

India Ratings Revises Outlook on AMBA AUTO SALES AND SERVICES's Bank Facilities to Positive; Affirms Ratings at 'IND BB+'/'IND A4+'

Sep 18, 2025 | 2/3 Wheelers

India Ratings and Research (Ind-Ra) has revised the Outlook on AMBA AUTO SALES AND SERVICES PVT LTD's (AASSPL) bank facilities to Positive from Negative while taking the following rating actions:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR316.53	IND BB+/Positive/IND A4+	Affirmed,Outlook Revised to Positive
Bank loan facilities	-	-	-	INR320	IND BB+/Positive/IND A4+	Assigned

Analytical Approach

Ind-Ra continues to take a standalone view of AASSPL to arrive at the ratings.

Detailed Rationale of the Rating Action

The Positive Outlook reflects the agency's expectation of a sustained improvement in AASSPL's operations and profitability over the medium term, due to the opening of new showrooms in FY25. Ind-Ra had placed the ratings on a Negative Outlook on 3 April 2025, due to issuer's non-corporation in the rating review, in line with Ind-Ra's policy, Guidelines on What Constitutes Non-Cooperation.

The affirmation reflects a continued improvement in AASSPL's scale of operations and credit metrics in FY25, in line with Ind-Ra's expectations, along with a rise in its EBIDTA margin backed by the promoters' three decades of experience in the automotive industry with brand recognition. However, the ratings are constrained by AASSPL's stretched liquidity and high geographical concentration risk.

List of Key Rating Drivers

Weaknesses

- Stretched liquidity
- High geographical concentration

Strengths

- Medium scale of operations
- Increase in EBITDA margins
- Improvement in credit metrics
- Experienced promoters and brand recognition

Detailed Description of Key Rating Drivers

Stretched Liquidity: Please refer to the Liquidity section.

High Geographical Concentration: All of the showrooms operated by AASSPL are situated in Bengaluru. Furthermore, since all the showrooms are on lease contracts, it exposes the company to a location shifting risk in case of termination/completion of the lease contract.

Medium Scale of Operations: AASSPL's scale of operations improved to medium from small, as indicated by an increase in its revenue to INR2,419.30 million in FY25 (FY24: INR2,109.64 million, FY23: INR1,126.58 million) with the EBITDA increasing to INR168.79 million (INR88.09 million, INR45.81 million). The revenue improved in FY25 due to an increase in the number of units sold to 12,441 (FY24: 11,183) resulting from the opening of three new showrooms, backed by an increase in the demand for vehicles. AASSPL is generating revenue majorly from the following three segments - (i) 3-wheeler sales (FY25 revenue: INR1,396.34 million; FY24: INR1,135.75 million), (ii) 2-wheeler sales (INR918.05 million; INR876.68 million), (iii) the sale of LG electronics (INR109.23 million; INR71.09 million). Furthermore, AASSPL is generating 100% margin revenue from workshop services which was INR58.67 million being 2.42% of total revenue of FY25 (INR52.38 million being 2.42% of the total revenue of FY24). In 4MFY26, AASSPL's revenue increased to INR863.2 million (4MFY25: INR771.08 million). Ind-Ra expects the revenue to improve further in the medium term, due to the additional showrooms opened in FY25 and the likelihood of the company opening five-to-six new showrooms in FY26. FY25 figures are provisional in nature.

Increase in EBITDA Margins: AASSPL's EBITDA margin increased to a healthy 6.98% in FY25 (FY24: 4.18%) with a return on capital employed of 27% (21.1%). In FY25, the margins improved due to a better absorption fixed cost and an increase in the per vehicle margin obtained from Bajaj Auto Limited (['IND AAA'/Stable](#)) due to an increase in the number of unit sales. However, the margins are susceptible to the absorption of fixed cost in future due to opening of new showrooms. Ind-Ra expects the EBITDA margins to remain at a similar level in the medium term, considering the similar nature of operations.

Improvement in Credit Metrics: AASSPL's interest coverage (operating EBITDA/gross interest expenses) improved to 2.75x in FY25 (FY24: 2.03x) and the net leverage (adjusted net debt/operating EBITDAR) to 3.08x (4.03x). In FY25, the credit metrics improved to average due to an increase in the EBITDA to INR168.79 million (FY24: INR88.09 million). In the medium term, Ind-Ra expects the credit metrics to remain stable, on a sustained EBITDA and the scheduled repayment of term loans.

Experienced Promoters and Brand Recognition: AASSPL's promoters have an experience of nearly three decades in the automobile industry. This has facilitated the company to establish strong relationships with customers as well as suppliers. AASSPL also has a strong brand recall and is an authorised dealer of Bajaj Auto Limited and LG Electronics India Private Limited.

Liquidity

Stretched: AASSPL's average maximum utilisation of the fund-based limits was 98.61% and that of the non-fund-based limits was 100% during the 12 months ended June 2025. The cash flow from operations further deteriorated to negative INR136.7 million in FY25 (FY23: negative INR72.47 million) due to unfavourable changes in working capital. Consequently, the free cash flow deteriorated further to negative INR159.84 million in FY25 (FY24: negative INR91.39 million). The average net working capital cycle elongated to 86 days in FY25 (FY24: 55 days) due to an increase in the inventory days to 80 (58), backed by a rise in the back-up stock required for an increased number of showrooms. It has term loan repayments of INR24.5 million and INR21.9 million in FY26 and FY27, respectively. The cash and cash equivalents stood at INR33.35 million at FYE25 (FYE24: INR18.4 million). Furthermore, AASSPL does not have any capital market exposure and relies on banks and financial institutions to meet its funding requirements.

Rating Sensitivities

Negative: A substantial decrease in the scale of operations or operating profitability, leading to deterioration in the overall credit metrics with the interest coverage declining below 2.5x or a deteriorating liquidity profile, all on a sustained basis, could lead to the Outlook being revised back to Stable.

Positive: An improvement in the scale of operations, achievement of stable operating profitability while maintaining of the credit metrics with the interest coverage above 2.5x, all on a sustained basis, could lead to a positive rating action.

Any Other Information

Not applicable

About the Company

Incorporated in February 2005, AASSPL is into automobile sales and service dealership business for 2- and 3-wheelers with Bajaj Auto and KTM (Kraftfahrzeuge Trunkenpolz Mattighofen) along with the electronics from LG. AASSPL has 24 showrooms and two warehouses in Bangalore which consists of seven Bajaj 3-wheeler showrooms, six Bajaj 2-wheeler showrooms, four Bajaj Chetak (EV) showrooms, four KTM 2-wheeler showrooms and three LG electronics showrooms. AASSPL is promoted by Pradeep Lohia and family.

Key Financial Indicators

Particulars	FY25	FY24
Revenue (INR million)	2,419.30	2,109.64
EBITDA (INR million)	168.79	88.09
EBITDA margin (%)	6.98	4.18
Gross interest coverage (x)	2.75	2.03
Net leverage (x)	3.08	4.03
Source: AASSPL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook	
				3 April 2025	11 March 2024
Bank loan facilities	Long-term/Short-term	INR636.53	IND BB+/Positive/IND A4+	IND BB+/Negative(ISSUER NOT COOPERATING)/ IND A4+(ISSUER NOT COOPERATING)	IND BB+/Stable/IND A4+

Bank wise Facilities Details

The details are as reported by the issuer as on (18 Sep 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Saraswat Bank	Term loan	74.32	IND BB+/Positive
2	Saraswat Bank	Fund-based working capital limits	417.5	IND BB+/Positive / IND A4+
3	Saraswat Bank	Non-fund-based working capital limits	57.5	IND A4+

4	NA	Proposed Bank loan facilities	87.21	IND BB+/Positive / IND A4+
---	----	-------------------------------	-------	----------------------------

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

Contact

Primary Analyst

Shristi Kedia

Analyst

India Ratings and Research Pvt Ltd

Room no - 1201, 12th Floor, OM Towers, 32 Chowringhee Road, Kolkata-700071, India

+91 33 40302521

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Maitri Dhariwal

Research Associate

+91 22 40001790

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Guidelines on What Constitutes Non-Cooperation

The Rating Process

Short-Term Ratings Criteria for Non-Financial Corporates

DISCLAIMER

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.