

## **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-cooperation 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 EBITDA 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 EBIDTA 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 EBIDTA 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 EBIDTA/gross interest expenses) improved to 2.75x in FY25 (FY24: 2.03x) and the net leverage (adjusted net debt/operating EBIDAR) to 3.08x (4.03x). In FY25, the credit metrics improved to average due to an increase in the EBIDTA to INR168.79 million (FY24: INR88.09 million). In the medium term, Ind-Ra expects the credit metrics to remain stable, on a sustained EBIDTA 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+
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## 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>.

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## About India Ratings

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## APPLICABLE CRITERIA AND POLICIES

**Corporate Rating Methodology**

**Guidelines on What Constitutes Non-Cooperation**

**The Rating Process**

**Short-Term Ratings Criteria for Non-Financial Corporates**

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