

September 22, 2025

Bimal Auto Agency India Pvt Ltd: Rating downgraded; outlook revised to Negative from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-Term – Fund Based-Others	15.00	20.00	ICRA] BBB; downgraded from [ICRA]BBB+, outlook revised to Negative from Stable
Long-term –Unallocated	9.00	4.00	[ICRA] BBB ; downgraded from [ICRA]BBB+; outlook revised to Negative from Stable
Total	24.00	24.00	

*Instrument details are provided in Annexure I

Rationale

The revision in rating and outlook for Bimal Auto Agency India Pvt Ltd. (BAAIPL) factors in its weak performance in FY2025, reflected in a 9% decline in revenues on a YoY basis due to subdued demand for passenger vehicles (PVs) in its key state, Karnataka. The company also reported a moderation in operating profit margin (OPM) to about 1.5% in FY2025, on a provisional basis, from 2.8% in FY2024 due to increased employee expenses and higher discounts offered to clear unsold inventory. Revenue contraction, along with continued moderation in OPM and increased reliance on working capital debt to fund elevated inventory levels, resulted in deterioration in the interest coverage to 1.2 times in FY2025 compared to 6.8 times in FY2023. Besides, the company has incurred debt-funded capex in FY2025 and has further plans in FY2026 for new showrooms and service centres, which exerted additional pressure on its credit metrics, with DSCR declining to 1.2 times in FY2025 from 2.4 times in FY2024.

The rating is further constrained by the fact that BAAIPL is projected to report subdued volume growth in FY2026, despite the expected pick-up in sales volumes in H2 FY2026 following the reduction in GST rates on PVs with effect from September 22, 2025, given the sharp contraction in volumes in 5M FY2026. The likelihood of continued pressure on debt metrics, owing to modest demand in H1 FY2026, has also contributed to the rating downgrade and the revision in outlook on the long-term rating to Negative.

However, the rating continues to take comfort from the company's proven operational track record as an authorised dealer of Maruti Suzuki India Limited (MSIL) and MSIL's leadership position in the PV segment. The rating strengths are partially offset by thin margins inherent to the automobile dealership business, as vehicle sales, which generate a significant share of revenues, command limited profitability. Furthermore, competition from other MSIL dealers as well as dealers of other original equipment manufacturers (OEMs) exerts pressure on the company's sales volumes and profit margins. The company also has a relatively high geographic concentration in Bengaluru, exposing its performance to region-specific event risks. ICRA notes, however, that geographic concentration is expected to improve to some extent with the ramp-up of operations in Kerala.

Key rating drivers and their description

Credit strengths

Long track record of BAAIPL in automobile dealership business – BAAIPL has been the authorised dealer of MSIL's PVs in Bengaluru since 2002. The 'Platinum' dealer rating awarded to BAAIPL over 15 times by MSIL reflects the company's strong sales and service performance and its established track record of dealership operations. It is among the largest authorised

dealers for MSIL in Karnataka, with a sales and service network spread across Bengaluru and surrounding rural areas. In FY2023, the company expanded its operations to Kozhikode, Kerala, by opening an Arena showroom, along with a workshop, True Value outlet, accessories outlet and a Maruti Suzuki Driving School. The company opened one new showroom in Hoskote and two in Calicut in FY2025, and it plans to open additional showrooms in the current year in both Karnataka and Kerala.

Experienced promoters and strong market position – BAAIPL’s promoters have extensive experience of over five decades in the business, and the company has strong credentials as one of the largest dealers of MSIL’s passenger vehicles in Bengaluru. The promoters are further supported by an experienced management team. The company has a healthy presence in the Karnataka and Kerala with 42 sales and service outlets and two stockyards.

Dominant market position of MSIL in domestic PV segment– MSIL has sustained its leadership position in the Indian domestic PV segment, driven by the success of its new models and the healthy performance of existing ones. Its market share moderated marginally to about 41% in FY2025 from about 42% in FY2024. The established market position of the OEM is expected to augur well for BAAIPL.

Credit challenges

Decline in Profitability led by weak demand and increase in overheads – BAAIPL’s sales volumes declined nearly 9% YoY in FY2025 owing to subdued demand, especially in Karnataka where the company has major operations. Employee expenses rose sharply in FY2025 due to increased manpower requirements for new showrooms, among other factors. Higher employee costs, coupled with higher discounts offered to clear unsold inventory, led to a sharp decline in OPM to about 1.5% in FY2025, on a provisional basis, from 2.8% in FY2024. The company is likely to report moderate and stable OPM of about 2% in the near term due to elevated employee expenses and subdued revenue growth expected in FY2026.

Sustained weakening of financial profile due to large debt-funded capex and decline in earnings – BAAIPL has incurred large debt-funded capital expenditure for new showrooms and workshops in FY2025 and FY2026. Together with increased working capital debt due to elevated inventory, this has led to a substantial increase in debt reliance and consequently higher finance expenses. With rising finance costs and declining earnings in FY2025, debt coverage metrics deteriorated sharply. The company’s total debt/OPBITDA increased to 9.8 times in FY2025 from 2.8 times in FY2024. The interest coverage ratio also declined to 1.2 times in FY2025 from 3.2 times in FY2024. Going forward, the company’s financial profile is expected to remain weak due to low profitability and high reliance on bank debt.

Low bargaining power and pricing constraints - BAAIPL’s profit margins have historically been thin, given the nature of the dealership business, where the commission is determined by the principal. The company also faces revenue concentration risk as its entire revenues depend on a single principal, MSIL. Margins are expected to improve gradually, supported by improved sales from new showrooms, which will lead to better overhead absorption.

Intense competition- The automotive dealership industry is highly competitive, with stiff competition from other dealerships. Intense competition from dealers of other OEMs also exerts pressure on BAAIPL’s sales volumes and margins. Moreover, the incremental investment requirement to regularly upgrade dealership outlets, in line with the principal’s marketing strategy, puts further pressure on dealership cash flows. The company’s relatively higher geographic concentration in Karnataka exposes its performance to region-specific event risks. However, this is expected to improve to some extent as BAAIPL’s Kerala operations scale up.

Liquidity position: Adequate

BAAIPL’s liquidity is adequate, as evident from the free cash and bank balances of Rs. 1.2 crore as on March 31, 2025, and a cushion of about Rs. 74 crore available in working capital limits as on August 31, 2025. The company has repayment liabilities of Rs. 6.0 crore, Rs. 8.2 crore and Rs. 8.5 crore in FY2026, FY2027 and FY2028, respectively. The company is also expected to incur capex of Rs. 16-18 crore in FY2026, to be funded by a mix of debt and internal accruals.

Rating sensitivities

Positive factors – The outlook could be revised to Stable from Negative if the company demonstrates a healthy improvement in its sales volume and earnings, leading to improvement in its debt protection metrics while maintaining adequate liquidity position.

Negative factors – The rating could be downgraded if there is a material decline in operating revenues and earnings, or further stretch in the working capital cycle, leading to sustained weakening of liquidity position and/or debt protection metrics.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Automobile Dealers
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the company's standalone financial profile

About the company

Established in 2002 as a partnership firm in Bengaluru, Bimal Auto Agency is an authorised Maruti Suzuki India Limited (MSIL) passenger car dealer. In 2011, its constitution was changed to a private limited company. Its operations, however, started from Guwahati (Assam) in 1970. In 1984, it was appointed as a Maruti dealer in Guwahati, being among the first group of dealerships awarded by Maruti. It started dealership operations in Bengaluru in 2002. It is a family-owned business with its Director, Mr. Naveen Kumar Sarawgi as the Chief Executive Officer. The company has a healthy presence in Karnataka and Kerala with 42 sales and service outlets and two stockyards.

Key financial indicators (audited/provisional)

BAAIPL	FY2024	FY2025*
Operating income	1159.0	1058.7
PAT	15.6	0.3
OPBDIT/OI	2.8%	1.5%
PAT/OI	1.3%	0.0%
Total outside liabilities/Tangible net worth (times)	1.1	1.7
Total debt/OPBDIT (times)	2.8	9.8
Interest coverage (times)	3.2	1.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation *Provisional financials submitted by company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 22, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Overdraft	Long term	20.00	[ICRA]BBB (Negative)	Jun 21, 2024	[ICRA]BBB+ (Stable)	Aug 28, 2023	[ICRA]BBB+ (Positive)	Jun 30, 2022	[ICRA]BBB+ (Stable)
Unallocated	Long term	4.00	[ICRA]BBB (Negative)	Jun 21, 2024	[ICRA]BBB+ (Stable)	Aug 28, 2023	[ICRA]BBB+ (Positive)	Jun 30, 2022	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term Fund-based – Overdraft	Simple
Long Term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Overdraft	-	NA	-	20.00	[ICRA]BBB(Negative)
NA	Unallocated	-	NA	-	4.00	[ICRA]BBB(Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Jitin Makkar
+91 124 4545368
jitinm@icraindia.com

Uday Kumar
+91 124 4545867
uday.kumar@icraindia.com

Vishal Balabhadruni
+91 40 6939 6407
vishal.balabhadruni@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.