

Amba Auto Sales & Services IPO

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- The company operates as an authorized dealer for Bajaj Auto and LG Electronics.
- As of December 31, 2025, it operates from 28 showrooms and 1 godown.
- The company posted bumper profits from FY24 onwards, outperforming its peers.
- It is also engaged in after-sales services and repairs/maintenance and retailing related accessories.
- Based on its recent financial data, the issue appears aggressively priced. Spectacular performance for 9M-FY26 raises eyebrows.
- Only well-informed/cash surplus/risk seeker investors may park moderate funds for medium term.

About the Company

Amba Auto Sales & Services Ltd. (AASSL) operates as an authorized dealer of Bajaj Auto Limited ('Bajaj Auto') and LG Electronics India Limited ('LG Electronics') under the brand name Amba Bajaj and Amba LG Best Shop ("LG Best Shop"), respectively. It has a presence across the automotive retail value chain, including sales of new vehicles, after-sales service and repairs (including sales of spare parts, lubricants and accessories) and facilitation of the sales of third-party financial and insurance products.

Additionally, in consumer electronics, AASSL offers a diversified range of products including air conditioners, televisions, washing machines, refrigerators and small appliances. It has established its market presence in Bengaluru, Karnataka with more than two decades of experience having commenced its business operations as a proprietary concern by setting up first dealership for two wheelers sales and service. Over the years it has expanded operations and has acquired dealership for Three-Wheeler, KTM (Sports Motorcycles) & Chetak as well from Bajaj Auto.

Currently, the company is authorized dealer of 4 out of 5 product segments of Bajaj Auto Limited, which includes Motorcycles, KTM, Chetak and Three-Wheeler. It has developed relationships with dealers, financial institutions, and clients, enabling the Company to expand its presence with 28 showrooms and service centers and godowns across automobile and consumer electronics segments. As on December 31, 2025, it operates from 28 showrooms and services centers and a godown on lease rental model as it focuses to secure retail spaces which are strategically located and easily accessible to customers. As of February 28, 2026, it had 254 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4824000 equity shares of Rs. 10 each to mobilize Rs. 65.12 cr. at the upper cap. The company has announced a price band of Rs. 130 - Rs. 135 per share of Rs. 10 each. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on April 27, 2026 and will close on April 29, 2026. The shares will be listed on NSE SME Emerge. The IPO constitute 26.33% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh equity issue, it will utilize Rs. 43.00 cr. for working capital, Rs. 6.32 cr. for capex on setting up of New Showrooms and renovating the existing ones, and the rest for general corporate purposes.

The IPO is solely lead managed by Capital Square Advisors Pvt. Ltd., and Bigshare Services Pvt. Ltd. is the registrar to the issue. Rikhav Securities Ltd. is the market maker, as well as a syndicate member.

The company has issued entire initial equity capital at par value, it issued bonus shares in the ratio of 17 for 1 in September 2025. The average cost of acquisition of shares by the promoters is Rs. 0.56, and Rs. 0.62 per share.

Post-IPO, company's current paid-up equity capital of Rs. 13.50 cr. will stand enhanced to Rs. 18.32 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 247.37 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 113.05 cr. / Rs. 0.64 cr. (FY23), Rs. 211.33 cr. / Rs. 2.89 cr. (FY24), Rs. 242.46 cr. / Rs. 7.78 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 12.11 cr. on a total income of Rs. 203.79 cr. The company marked quantum jump in its bottom lines from FY24 onward, that not only raise eyebrows, but also concern over its sustainability going forward, as it is operating in a highly competitive and fragmented segment. Bumper profits for 9M-FY26 appears window dressing for fetching fancy valuation for its IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 3.67 and an average RoNW of 53.30%. The issue is priced at a P/BV of 6.78 based on its NAV of Rs. 19.92 per share as of December 31, 2025, but its post-IPO NAV data is missing from offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 15.32, and based on FY25 earnings, the P/E stands at 31.84. The issue appears aggressively priced based on its recent earnings.

The company has posted PAT Margins of 0.57% (FY23), 1.37% (FY24), 3.21% (FY25), 5.94% (9M-FY26), and RoCE margins of 12.47%, 18.14%, 24.31%, 26.82%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends since its incorporation. It has adopted in July 2025, a dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Popular Vehicles, Bikewo Green, Resourceful Automobile, as its listed peer. They are currently trading at a P/E of NA, 34.6, and 5.04 (as of April 23, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 3rd mandate from Capital Square in the last two fiscals (including the ongoing one). Out of the last 2 listings, both opened at discount. The lead manager has a poor track record.

Conclusion / Investment Strategy

AASSL operates as an authorized dealer for Bajaj Auto and LG Electronics. As of December 31, 2025, it operates from 28 showrooms and 1 godown. The company posted bumper profits from FY24 onwards, outperforming its peers. It is also engaged in after-sales services and repairs/maintenance and retailing related accessories. Based on its recent financial data, the issue appears aggressively priced. Spectacular performance for 9M-FY26 raises eyebrows. Only well-informed/cash surplus/risk seeker investors may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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