

## Advaith Aerospace Private Limited

March 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	90.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

Advaith Aerospace Private Limited (AAPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Advaith Aerospace Private limited bank facilities will now be denoted as CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING.

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).**

The revision in the ratings assigned to the bank facilities of AAPL primarily factors in the loss reported in FY25 (FY refers to April 01 to March 31) compared to profit in the previous year and weakening in debt coverage indicators led by a substantial increase in debt levels. AAPL's total debt as on March 31, 2025, rose to ₹104.6 crore compared to ₹43.7 crore as at March 31, 2024. The increase in borrowings was primarily due to debt-funded expansion of showrooms and service centres. Correspondingly, financial risk metrics moderated, with interest coverage declining to below 1x in FY25, indicating limited cushion for debt servicing amidst rising finance costs. Working capital intensity also increased, marked by elongation of the operating cycle to 73 days in FY25 (52 days in FY24), largely due to higher inventory holding of 62 days. Liquidity remained stretched, evidenced by a low current ratio of 0.86x and near full utilisation of cash credit limits in the year. Operating cash flow also was at negative at -₹24 crore (Previous year negative Rs.3.63 crore). The ratings also continue to remain constrained by the company's modest net worth base and lower share of services revenue, which restrict operational leverage and financial flexibility.

The company's working capital cycle remains elongated, largely due to stuck or slow-moving inventory, which exerted continued pressure on liquidity and operational efficiency. The ratings also take into account the cyclical nature of the automobile industry, intense competition, geographical concentration risk, and AAPL's dependence on the performance of its original equipment manufacturer (OEM), Kia India Private Limited.

The rating, however, derives comfort from the experienced promoters in the automobile dealership business and the established market presence of Kia. AAPL is part of the Advaith group, which has over 25 years of experience in selling cars. They work with well-known brands such as Hyundai, Suzuki, and JCB.

**Analytical approach:** Standalone

**Outlook:** Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the firm would benefit from promoter's experience and company will have a steady income, as Kia has launched several new car models, which will result in improved sales.

**Detailed description of key rating drivers:**

**Key weaknesses**

**Modest scale of operation and net worth base with thin profitability**

The company reported revenue growth in FY25 at ₹232.5 Cr versus ₹204.3 Cr in FY24, driven primarily by a 24.6% increase in vehicle volumes to 2,240 in FY25 as compared to 1,798 in FY24. However, the average selling price declined by ~12%, as a result of shift in product mix towards lower-priced models (higher Sonet and Carens, lower Seltos contribution). Thus, topline expansion was volume-led rather than value-led. In H1FY26, the company achieved a revenue of Rs. 163 crores and has sold 1,357 units.

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

Despite the increase in scale, profitability deteriorated in FY25. While PBILDT registered only marginal growth, the company's expanding operational footprint led to significantly higher fixed-cost absorption. Interest expenses rose sharply by 74%, and depreciation costs increased by 143%, reflecting the financial impact of recent network expansion and capital additions. Consequently, the modest improvement in operating performance was insufficient to counterbalance the steep rise in fixed costs, resulting in a shift from a net profit of ₹0.91 crore to a net loss of ₹1.57 crore in FY25. This underscores that incremental revenue and operating gains did not translate into commensurate profitability due to the disproportionate escalation in finance and depreciation expenses.

#### **Leveraged capital structure and weak debt coverage indicators**

AAPL's capital structure weakened during FY25, as reflected in a significant rise in total debt to ₹104.6 crore as on March 31, 2025 (₹43.7 crore as on March 31, 2024), resulting in an overall gearing of 1.74x (0.89x in the previous year). The increase in borrowings was primarily on account of debt-funded expansion of showrooms and service centres, leading to a heightened reliance on external debt. Correspondingly, financial risk metrics moderated, with interest-coverage declining to below 1x in FY25, indicating limited cushion for debt servicing amidst rising finance costs.

Working-capital intensity also increased, as marked by elongation of the operating cycle to 73 days in FY25 (52 days in FY24), largely due to higher inventory holding of 62 days. Liquidity remained stretched, evidenced by a subdued current ratio of 0.86x and near-full utilisation of cash-credit limits across the year. Also, as confirmed by the lender, there was a 15-day delay in the repayment of channel finance limits in December 2025. Furthermore, Operating cash flow also was at negative at -₹24 crore (Previous year negative Rs.3.63 crore).

#### **Cyclical nature of automobile industry with fortunes linked to principal**

The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure and regulatory changes (emission norms, scrappage policy, overloading norms). The auto industry is also highly sensitive to interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. The fuel prices have a direct impact on the running costs of the vehicle and any hike in the same would lead to reduced disposable income of the consumers, influencing the purchase decision. The companies operating in the auto dealership business continue to face significant risks associated with the dynamics of the auto industry as well as fortunes of its principal.

#### **Key strengths**

##### **Vast Experience of the promoters in the automobile dealership business**

AAPL, based in Bangalore, Karnataka, was incorporated on August 30, 2016. The company is managed by Anupama Gupta and Olety Satish Sudeendra Kumar. AAPL is an authorized dealer of Kia Motors' passenger vehicles in Bangalore, operating two showrooms, two service centers, one pre-delivery inspection center, and one certified pre-owned car showroom. Both the directors are graduates and have an experience of over a decade in the automobile industry through their association with this company and other group entities engaged in similar business. The directors are supported by a qualified team of professionals with significant experience in their respective fields.

AAPL is part of the Advaith Group of Companies, which entered the automobile industry in 1991 by partnering with Kinetic as their designated channel partner for sales, service, and spares in Bangalore. In 1998, they partnered with Hyundai and have since added various brands like JCB, M&M Tractors, Mercedes Bus, Suzuki, Mobis, and Kia. Guided by a commitment to quality and customer satisfaction, and with a strong focus on manpower development, Advaith Group has grown significantly over 25 years. In the financial year 2023-24, the group's total turnover reached Rs. 1500 Crore. The group is also a channel partner for Suzuki 2-wheeler sales and service, equipped with state-of-the-art infrastructure facilities, offering an all-in-one roof concept for sales, spares, and service.

#### **Liquidity: Stretched**

The company's liquidity profile remains stretched, marked by significantly lower internal accruals and heavy reliance on external funding. Gross cash accruals declined sharply to ₹0.11 crore in FY25 (₹1.44 crore in FY24), as against a large annual debt repayment of more than ₹3 crore. Operating cash flow remained negative for the third consecutive year, further deteriorating to -₹24.1 crore in FY25 due to higher working-capital intensity and elevated inventory holding. Fund-based utilisation continued to stay high, with average cash-credit usage at 87%, frequently touching 100% during FY25 and 9MFY26, indicating limited liquidity headroom. Liquidity ratios weakened, reflected in a current ratio of 0.86x and quick ratio of 0.32x as on March 31, 2025. Cash and bank balances were at ₹10.66 crore as on March 31, 2025 (₹6.44 crore as on March 31, 2024). Given negative cash flows, thin accruals, and near-full utilisation of limits, the company's liquidity is expected to remain under pressure in the near to medium term.

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

## Applicable criteria

- [Definition of Default](#)
- [Information Adequacy Risk and Issuer Non-Cooperation](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [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

Advaith Aerospace Private Limited (AAPL) was incorporated on August 30, 2016. The company is managed by Anupama Gupta and Olety Satish Sudeendra Kumar. AAPL is engaged in sales and services of Passenger Vehicle of Kia Motors. AAPL is authorised dealer of Passenger Vehicle of Kia Motors in Bangalore and operates 4 showrooms with 2 service centers, 1 Pre delivery inspection centre and 1 CPO(Certified Pre Owned Car) Showroom. The company is also in process of new showroom at Mangalore.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	204.30	232.51	163.00
PBILDT*	5.04	5.75	-
Profit after tax (PAT)	0.91	-1.57	-
Overall gearing (x)	3.64	7.73	-
Interest coverage (x)	1.46	0.96	-

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-09-2031	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Working Capital Limits		-	-	-	90.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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 2025-2026	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
1	Fund-based - LT/ST-Working Capital Limits	LT/ST	90.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB; Stable / CARE A4 (10-Apr-25)	-	-	-
2	Fund-based - LT-Term Loan	LT	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB; Stable (10-Apr-25)	-	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long 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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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.

## Contact us

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