

NewSpace Research and Technologies Private Limited

March 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	200.00 (Enhanced from 159.85)	CARE BB-; Stable	Downgraded from CARE BB+; Stable
Long Term Bank Facilities	-	-	Withdrawn
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of NewSpace Research and Technologies Private Limited (NRT) factors in its inability to generate operating income in FY24 and 9MFY25 on account of delayed offtake from the ministry of defence, resulting in higher losses during the period. The rating continues to reflect its limited track record of operations, orderbook dependency upon ability to participate and win tenders, susceptibility of the company's revenue and operating profitability to tender-based business. It also considers the working capital-intensive nature of operations with long receivables and inventory cycle.

These rating weaknesses are partially offset by the company's presence in a niche market segment under the Unmanned Aerial Vehicle (UAV) industry, its ability to raise funds from various private equity (PE) investors for supporting its research and development activities related to new products and the favourable outlook for the drone manufacturing industry in India.

Overdraft and Bill Discounting facilities have been withdrawn by Care Ratings Ltd. (CARE Ratings) upon submission of No Dues Certificate (NDC) from the respective banks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to raise equity which would suffice its operational and capital expenses for medium term without relying on debt along with receipt and delivery of orders in timely manner.

Negative factors

- Inability to deliver the projects in timely manner or deterioration in liquidity profile.

Analytical approach: Consolidated

For arriving at the rating, the financial and business parameters of NRT have been consolidated with Upgraha Space Technologies Private Limited being a wholly owned subsidiaries, and Threye Interactive Private Limited, an associate.

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes NRT will continue to benefit from the niche product segment that the company caters to, and favourable industry outlook in which it operates.

Detailed description of key rating drivers:

Key weaknesses

Inability to generate any operating income in FY24 and 9MFY25

NRT recorded nil operating income in FY24 and 9MFY25 due to delays associated with disagreement with the defence officials over certain matters. As per the management, the issue has been resolved and the product delivery will be completed in March – April 2025. Nevertheless, the same has resulted in higher operating loss to the company due to fixed costs associated with operations. Timely delivery of the said as well as for future orders will be key for company's prospects.

Susceptibility of scale of operations and operating profitability to tender-based business

The business performance of NRT is dependent on its ability to win for tenders participated and nature of the tender received from its customers, owing which both scale and profitability are expected to remain volatile.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Niche product segment

The company has been producing unmanned ariel systems such as drones with swarm technology for the Indian Defence sector. It has also been developing other products which is under research and development stages.

Resource raising capability

The company has been able to raise funds through various PE investors. These funds are being utilised towards new products, research and development expenses, cash collateral, margin funding towards working capital requirements and also for incurring regular capex. The management has no plans to incur debt-led expansion plans in the near term. So far in FY25, company has raised Rs. 165 crore of funds which include Rs. 40 crore of Compulsorily Convertible Preference Shares (CCPS), Rs. 95 crore of Compulsorily Convertible Debentures (CCD) and Rs. 30 crore of Non-Convertible Debentures (NCD). Company is very close to raising Rs. 550 crore of CCPS which is likely to be completed in neat term.

Favourable outlook for drone manufacturing companies

Since CY21, the Indian government has stepped up efforts to establish a sustainable drone manufacturing ecosystem in India. Over the span of last couple of years, there has been liberalisation of drone regulations. Government's goal is to establish India as a global powerhouse for drone research and development, testing, production, operation, and export. With this CARE believes that the company will likely benefit with higher number of orders floated in the sector.

Liquidity: Stretched

Company's liquidity is constrained due to high fixed costs associated with its operations in terms of employee costs, research & development costs etc. At the same time, company is yet to demonstrate steady state of operational cash inflows thereby requiring it to rely constantly upon fund raising to fund these expenses as well as to fund its ongoing product developments. As of December 31, 2024, it has around Rs. 10 crores of free cash and bank balance and lien marked deposits of Rs. 60 crores.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Aerospace & Defense	Aerospace & Defense

Founded in 2017, NRT is a Bengaluru-based start-up that develops Cyber-Physical Aerospace Systems with a focus on Unmanned Aerial Systems (UAS). NRT is led by Sameer Joshi (Co-Founder and CEO) and Julius Amrit (Co-Founder and COO) who have more than two decades of experience. NRT is engaged in the manufacturing of UAS, UAV swarming – Multi-rotor Unmanned Systems (MUAS).

Brief Financials (₹ crore) (Consolidated)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	103.13	1.48	0.00
PBILDT	5.64	-53.12	-31.68
PAT	1.25	-60.33	-51.27
Overall gearing (times)	0.41	0.17	NA
Interest coverage (times)	2.44	NM	NM

A: Audited UA: Unaudited NA: Not available NM: Not meaningful; Note: these are latest available financial results

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-Bank Overdraft	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	September 2026	159.90	CARE BB-; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing	-	-	-	-	0.00	Withdrawn
Non-fund-based - LT-Bank Guarantee	-	-	-	-	40.10	CARE BB-; Stable

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	159.90	CARE BB-; Stable	-	1)CARE BB+; Stable (29-Dec-23)	-	-
2	Non-fund-based - LT-Bank Guarantee	LT	40.10	CARE BB-; Stable	-	1)CARE BB+; Stable (29-Dec-23)	-	-
3	Fund-based - LT-Bank Overdraft	LT	-	-	-	1)CARE BB+; Stable (29-Dec-23)	-	-
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	-	-	-	1)CARE A4+ (29-Dec-23)	-	-

LT: Long term; ST: 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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Upgraha Space Technologies Private Limited	Full	Wholly owned subsidiary
2	Threye Interactive Private Limited	Moderate	Associate

Note on complexity levels of rated instruments: CARE 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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About us:

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