

Dynaspede Integrated Systems Private Limited

September 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00	CARE BBB-; Stable	Assigned
Long-term / Short-term bank facilities	35.00	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Dynaspede Integrated Services Private Limited (DISPL) factor in its consistently improving scale of operations translating into improving operating profit margins. With satisfactory order book position, CARE Ratings Limited (CareEdge Ratings) expects company would continue to report revenue growth in the near-to-medium term. Ratings are also supported by the company's satisfactory capital structure. CareEdge Ratings has treated optionally convertible, non-cumulative Preference shares worth ₹47.56 crore as quasi equity considering the sanction condition and management articulation that it would not be repaid. However, in case of repayment of these preference shares, impacting capital structure and liquidity profile of DISPL, it would negatively on its credit profile.

These ratings strengths are partially offset by working capital intensive operations due to long production cycle, susceptibility to raw material price volatility and intense competition in the industry. The company's ability to increase its scale of operations, while improving/sustaining its profitability and liquidity position will remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in sales to beyond ₹300 crore while improving profit before depreciation, interest, and taxes (PBDIT) margins above 15% and maintaining total outside liabilities to total net worth (TOL/TNW) less than 1.5x.

Negative factors

- Decline in scale of operations and profitability from existing levels on a sustained basis.
- TOL/TNW exceeding 3x.

Analytical approach: Consolidated

Consolidated financial and operational performance of DISPL and its subsidiary/ associates is undertaken due to strong operational, financial and managerial linkages between the entities. Entities are consolidated are listed under Annexure-6.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation of timely execution of existing work orders, while receiving new work orders supported by its established track record.

Detailed description of key rating drivers:

Key strengths

Improving scale of operations & stable profitability

The company's scale of operation has been consistently improving in the last six years with a compounded annual growth rate (CAGR) of 30%. In FY25, total operating income (TOI) grew by 25% to ₹181 crore from ₹145 crore in FY24, the improvement is mainly driven by market demand. For 4MFY25, the company booked revenue of ₹48 crore and has an order book of ₹148 crore, highlighting adequate revenue visibility in the near term. The company is under stages of discussion for new orders worth ₹150 crore in the defence and auto sector. The company's PBIDT margin ranged from 9% to 13.5% in the last five years. In FY25, profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 11.67% from 9.42% in FY24, as the management has discontinued low margin trading of solar equipment.

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

Satisfactory capital structure and coverage indicators

The company's TOL/TNW improved from 3.33x as on March 31, 2024, to 2.33x as on March 31, 2025, due to improving profitability and accretion of profits into reserves. Due to improvement in PBDIT on absolute basis in FY25, PBIDT interest coverage rose to 6.60x in FY25 from 3.82x in FY24 while total debt to PBIDT stood at 3.06x (PY:4.13x). Given its comfortable gearing position, the company has sufficient headroom for additional debt to support its increasing working capital requirements.

Experienced promoters with long track record of operations

The company is led by a seasoned management team with rich industry expertise. Pankaj Sehgal, the Managing Director, is Mechanical Engineer with over 30 years of experience. Mohanram N, a Company Secretary, oversees administration and finance and brings over 25 years of experience in a similar line of business. The leadership is further strengthened by Vishwanath, the CEO, who has been with the company for 28 years. The management is also supported by a team of professionals with expertise in their respective functions.

Key weaknesses

Working capital intensive operations

DISPL's operations are highly working capital intensive, reflected by its long operating cycle of 125 days in FY25 (FY24: 141 days). The long cycle is primarily driven by its multi-stage product development process, which spans 9-12 months from concept to commissioning. The cycle includes a 3-month design and approval phase, sourcing of imported materials that prolong production, and final inspection followed by on-site installation. Only certain clients provide customer advances to the company. Of the amount, 60% is received after delivery of the order and balance 40% is received after commissioning of the order, which generally takes 2-3 months after delivery of the order.

Profitability susceptible to raw material price volatility

DISPL's profitability remains vulnerable to fluctuations in raw material prices, particularly for key inputs such as steel, aluminium, brass, iron rods, and other metal components. These materials are closely tied to global commodity markets, making their prices inherently volatile. While the company attempts to mitigate this risk by passing on increased costs to customers through ongoing price negotiations, effectiveness of this strategy is constrained by the competitive nature of the industry, where pricing flexibility is limited. Absence of long-term supplier contracts further amplify exposure to price changes.

Modest net worth and intense competition

Despite a long-standing presence and an expanding operational scale, DISPL's consolidated net worth remains modest at ₹65 crore as on March 2025, reflecting constraints of operating in a highly competitive and fragmented industry. The company's moderate scale limits its ability to pursue rapid expansion, particularly in the automotive solutions and aerospace & defence segments, where competition is intense. DISPL's experience in executing complex projects and long-standing relationship with its clients help it navigate sectoral challenges and maintain relevance in demanding markets.

Liquidity: Adequate

The company's liquidity profile is marked adequate, with gross cash accruals expected to comfortably cover debt obligations, resulting in a satisfactory debt service coverage ratio (DSCR). Despite a substantial increase in turnover, average working capital utilisation stood at a moderate 50% for 12 months ending June 2025, indicating sufficient headroom. The company also benefits from unutilised cash credit limits of ₹11 crore and maintains cash and cash equivalents of ~₹10 crore, further supporting its liquidity position.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

Incorporated on October 03, 1981, and based in Hosur, Tamil Nadu, DISPL is engaged in designing and manufacturing customised electro-mechanical components, serving industries such as aerospace, automotive, defence, and industrial automation. Its business operations include product design, prototyping, testing, engineering services, annual maintenance contracts (AMCs), benchmarking, and build-to-print manufacturing.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	144.93	180.89
PBILDT	13.65	21.11
PAT	10.84	12.90
Overall gearing (times)	1.09	0.99
Interest coverage (times)	3.82	6.60

A: Audited UA: Unaudited; 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-Cash Credit	-	-	-	-	50.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	35.00	CARE BBB-; Stable / CARE A3

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-Cash Credit	LT	50.00	CARE BBB-; Stable	-	-	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	35.00	CARE BBB-; Stable / CARE A3	-	-	-	-

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-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view 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.	R.F Engineers Private Limited	Full	Operational & financial linkages
2.	IIO Technologies Private Limited	Moderate	Operational & financial linkages

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.

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