



## Press Release

### JSR Dynamics Private Limited

June 20, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator (Simple/Complex/Highly complex)
Long Term Bank Facilities	17.50	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	60.00	IVR A3 (IVR A Three)	Assigned	<a href="#">Simple</a>
Proposed Long Term /Short Term Bank Facilities	22.50	IVR BBB-/Stable; IVR A3 (IVR Triple B Minus with Stable Outlook, IVR A Three)	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>100.00 (Rupees hundred crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Ratings has assigned ratings to the bank facilities of JSR Dynamics Private Limited (JDPL) which derive strength from extensive experience of promoters and management team, diversified and niche product basket, satisfactory revenue visibility in the near to medium term and strong research and development capabilities. However, these rating strengths are partially offset by capital intensive nature of operations and exposure to regulatory risks.

#### Key Rating Sensitivities:

##### Upward Factors

- Successful conversion of order book in revenue as envisaged
- Overall gearing and TOL/TNW below 1.5 on sustained basis

##### Downward Factors

- Decline in order book delivery resulting in lower-than-expected cash accruals.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Extensive industry experience of the promoters**

The main promoter Air Marshal Shirish Deo has experience of over three decades in the defence as fighter pilot. The promoter's long experience has helped in understanding of the dynamics of the defence related products market. The other promoters bring their extensive experience in industry and resourcefulness. The promoters' experience is expected to support the business profile over the long term in terms of establishing relationship with suppliers and key customers.

- **Diversified and niche product basket**

The company has been able to develop diversified product offerings in the defence industry. The company manufactures diversified products such as glide bomb, cruise missile, rocket, range extension kit, etc. The products have been developed inhouse by JDPL.

- **Satisfactory revenue visibility**

The company has healthy order book from various domestic as well as international clients which provides revenue visibility in upcoming years. Maintaining inflow of such orders and timely delivery as envisaged will be key rating monitorable.

- **Strong research and development capabilities**

JDPL is present in an industry which demands constant innovation and technological advances. Consequently, it is critical for JDPL to adapt to technological advancements and absorb imported technologies. To ensure the same, the company has been regularly spending on research and development.

#### Key Rating Weaknesses

- **Capital intensive operations**

The operations of manufacturing aerospace and defence related products are capital intensive in nature. Further it also has large working capital requirements arising from high inventory levels of raw materials. The raw material viz. specialised alloy steel, carbon fibre which is mostly imported. JDPL has so far funded the requirements mainly



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through equity capital. The efficient working capital management will be important going forward.

- **Exposure to regulatory risks**

JDPL operates in a highly regulated explosives manufacturing industry with high entry barriers. Its operations, therefore, remain vulnerable to any changes in the regulatory framework impacting the industry.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Liquidity – Adequate**

The company has adequate liquidity to pay its debt. The company has cash and cash equivalents of Rs. 9.11 crore as on March 31, 2024, also the average working capital utilization from remained moderate for 12 months period ended March 2024.

**About the Company**

JSR Dynamics Private Ltd. (JDPL) based in Nagpur, Maharashtra was promoted by Air Marshal Shirish Deo in 2018. He has 40 years long stint of servicing the nation through Indian Air Force.

Air Marshal Deo started JDPL in December 2018 with Glide Bombs in four weight categories as the flagship product. Over the year, the company's product portfolio has been expanded.

**Financials (Standalone):**

(Rs. crore)		
For the year ended/ As on*	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	0.05	7.68
PAT	-0.21	0.68



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Total Debt	44.51	40.23
Adjusted Tangible Net Worth	1.46	36.24
EBITDA Margin (%)	-	-
PAT Margin (%)	-18.23	69.60
Overall Gearing Ratio (x)	30.40	1.11
Interest Coverage (x)	0.37	2.62

\* As per Infomerics Standard

**Status of non-cooperation with previous CRA: Nil**

**Any other information:**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	7.50	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	-	-
2.	Working Capital Demand Loan	Long Term	10.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	-	-
3.	Bank Guarantee	Short Term	60.00	IVR A3 (IVR A Three)	-	-	-
4.	Proposed	Long Term /Short Term	22.50	IVR BBB-/Stable; IVR A3 (IVR Triple B	-	-	-



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				Minus with Stable Outlook, IVR A Three)			

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics' ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities or to sanction, renew, disburse or recall the concerned bank facilities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial



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statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	7.50	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
Working Capital Demand Loan	-	-	-	10.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
Bank Guarantee	-	-	-	60.00	IVR A3 (IVR A Three)
Proposed	-	-	-	22.50	IVR BBB-/Stable; IVR A3 (IVR Triple B Minus with Stable Outlook, IVR A Three)

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-JSRDynamics-jun24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).