



10th October 2025

Corporate Relations Department,
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai - 400 001
Scrip Code: 505242

Listing Department,
National Stock Exchange of India Limited
"Exchange Plaza", Bandra-Kurla Complex,
Bandra East, Mumbai 400 051.
Scrip Code: DYNAMATECH

Dear Sir/Madam,

Sub: Intimation of credit rating pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Para A (3) of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that India Ratings and Research (Ind-Ra) has affirmed the rating of Dynamatic Technologies Limited's (DTL) bank loan facilities at 'IND A'. The Outlook is Stable.

The report is enclosed, and the Exchanges are requested to take this on record.

Thanking you,

Yours faithfully,
For **Dynamatic Technologies Limited**

Shivaram V
Chief Legal Officer and Company Secretary
Membership No.: ACS 19173

Registered Office
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Corporate Identity Number: L72200KA1973PLC002308

India Ratings Affirms Dynamatic Technologies's Bank Loan Facilities at 'IND A'/Stable; Rates Additional Limits

Oct 09, 2025 | Auto Components & Equipments

India Ratings and Research (Ind-Ra) has affirmed Dynamatic Technologies Limited's (DTL) bank loan facilities at 'IND A'. The Outlook is Stable. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR353	IND A/Stable/IND A1	Assigned
Bank loan facilities	-	-	-	INR4,158	IND A/Stable/IND A1	Affirmed

Analytical Approach

To arrive at the ratings, Ind-Ra continues to take a fully consolidated view of DTL and its subsidiaries, because of the strong operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The ratings reflect DTL's diversified revenue base, competitive market position with marquee clientele, strong order book position, and the increasing contribution of higher-margin products to the overall order book. The company's operating performance and credit metrics mostly remained stable in FY25, despite a fall in its EBITDA margins on account of unfavourable macro-economic conditions. The company's credit metrics are likely to improve over FY26-FY27, as the company executes higher margin orders in the aerospace segment along with better operating leverage.

The ratings are, however, constrained by the elongated working capital cycle, leading to higher reliance on bank lines, and a year-on-year (yoy) drop in the EBITDA margins in FY25.

List of Key Rating Drivers

Strengths

- Diversified revenue base; competitive market position with marquee clientele
- Aerospace segment continues to be key profit driver
- Stable revenue in FY25; likely to improve in FY26
- Stable credit metrics, likely to improve further from FY26.

Weaknesses

- Elongated working capital cycle
- Muted EBITDA margins, likely to improve from FY27.
- Concentration risk

- Weakened performance of operational subsidiaries in FY25, likely to improve over FY26-FY27

Detailed Description of Key Rating Drivers

Diversified Revenue Base; Competitive Market Position with Marquee Clientele: DTL continues to have a well-diversified business profile, with a presence in three segments such as aerospace and defence, hydraulics, and metallurgy. The company's strong market position is attributed to its established relationships with renowned customers across industries and strong technological capabilities across geographies (India, the UK and Germany), which support its business prospects. Based on the geographical location of customers, Europe accounted for around 34% of DTL's consolidated revenue in FY25, followed by the UK (22%), the US (9%), and the remaining from the rest of the world. DTL is a tier-I supplier to global aerospace original equipment manufacturers (OEMs) such as Airbus SE, Bell Helicopter Company, The Boeing Company and Dassault Aviation Société Anonyme. The company has marquee clients in other segments as well.

Aerospace Segment Continues to be Key Profit Driver: The aerospace segment has remained a key focus area for the company. This segment contributed more than 30% to the total revenue over FY19-FY25 (except in FY22 which was impacted by the COVID-19 outbreak) and more than 60% to the total EBITDA. The revenue from this segment was INR6.1 billion in FY25, up 19% from that in FY24. The EBITDA margins remained strong at 26.0% in FY25 (FY24: 25.7%; FY23: 26.7%; FY22: 27.5%). The company focuses on increasing its revenue and EBITDA from the aerospace segment by adding new projects, leading to the addition of new marquee customers. The customers in the segment are Boeing, Dassault Systems, Bell Helicopter, Deutsche Aircraft and Airbus. The successful execution of the order book in the aerospace segment, along with the company's ability to gain new orders, remains a key monitorable.

Stable Revenue in FY25; Likely to Improve in FY26: Despite revenue growth of 19% in the aerospace and defence segment in FY25, the overall scale of operations remained almost flat at INR14,038 million (FY24: INR14,293 million; FY23: INR13,158 million), largely due to muted growth in the hydraulics business as the management plans to transfer a part of the production lines from its UK facility to India, with only select strategic lines remaining in the UK. Additionally, the company witnessed a decline in the revenue in the metallurgy segment, due to subdued industrial demand, coupled with inflationary pressures and elevated energy costs. The management expects the hydraulics business to generate substantial savings from 2HFY26 and establish a more robust, long-term business structure, with the full-term impact on the scale and profitability likely visible FY27 onwards. Ind-Ra expects the company's revenue to rise 6%-7% yoy in FY26, and 12%-15% in FY27, supported by the increased number of orders, especially in the aerospace and defence segments.

Stable Credit Metrics; likely to Improve Further from FY26: The refinancing of the working capital limits led to savings in interest costs, leading to interest coverage (EBITDA/interest) improving to 2.9x in FY25 (FY24: 2.5x; FY23: 2.8x). The company's net leverage (net debt inclusive of lease liability/EBITDA) remained stable at 3.4x in FY25 (FY24: 3.4x, FY23: 3.4x), due to stable net debt at INR5,381 million (INR5,343 million; INR6,159 million). Ind-Ra expects the credit metrics in FY26 to remain largely at similar levels; and improve significantly from FY27, with full-term benefit of improved profitability flowing in from FY27. This improvement is attributed to majority of the hydraulics business being shifted from the UK to India, which would lead to better absorption of fixed overhead costs and thereby aiding in improved EBITDA margins. Ind-Ra expects the net adjusted leverage to be at 2.3x-2.5x in FY27, with the interest coverage at 4.2x-4.5x.

Elongated Working Capital Cycle: The company's operations are working capital-intensive, due to a long debtor collection and inventory holding period, mainly for the aerospace segment. As per Ind-Ra's calculation, in FY25, the company's net working capital cycle remained elongated at 109 days (FY24: 111 days), due to the increased revenue contribution from the aerospace business. As a result, the inventory and receivable days increased, leading to higher dependence on its bank lines. The company utilised about 90% of its banking lines against its drawing power for the 12 months ended June 2025. Ind-Ra expects the working capital cycle to remain elongated at 105-115 days over the near- to medium term. Sustained improvement in the net working capital cycle, leading to lower reliance on bank lines, would remain a key rating monitorable.

Muted EBITDA Margins, likely to Improve from FY27: The company's EBITDA margins moderated to 10.2% in 1QFY26 (FY25: 11.3%; FY24: 11.2%; FY23: 13.8%), largely due to lower demand across geographies and unfavourable macro-economic conditions in overseas markets, especially in Germany. The EBITDA margins in the aerospace segment

remained healthy at 25%-26% over FY24- FY25, and the agency expects the margins to further remain healthy over the medium term. The full-term benefit of relocating a part of the hydraulics segment's production from the UK to India is likely to be realised from FY27, driven by annual cost savings. Ind-Ra expects the EBITDA margins to be at 11%-11.5% in FY26. The management expects the EBITDA margins to be at 15%-16% over FY27-FY28. A sustained improvement in the EBITDA margins and the scale of operations would remain a key rating monitorable.

Concentration Risk: Although DTL has an increasingly diversified business profile, with a presence in different industries, the aerospace segment contributed a major share to its EBITDA in FY25. In addition, the customer concentration is high in the segment, with the top three clients for the India operations contributing around 69% of the segment's revenue in FY25 (FY24: 66%; FY23: 74%; FY22: 65%).

However, this risk is largely mitigated by the long-term nature of contracts (renewed every five years and perpetual in nature) and high entry barriers in the industry. The concentration risk is further mitigated by the fact that the two subsegments of the aerospace segment - commercial aerospace and defence nature of contracts - have an almost 70:30 share in the revenue. Ind-Ra also takes comfort from DTL being a tier I supplier to marquee clientele such as Airbus and Boeing, which are leading global aircraft manufacturers.

Weakened Performance of Operational Subsidiaries in FY25, likely to Improve over FY26-FY27: The performance of DTL's operational subsidiaries, Eisenwerk Erla GmbH (Germany; 100% shareholding) and Dynamatic Limited (the UK; 100%), weakened in FY25, due to rapid and a seemingly irreversible decline in its European supply chain reliability over a couple of quarters. As a result, the company has been taking a strategic decision to transfer a part of its hydraulics business from the UK facility to India, with only select strategic lines remaining in the UK, coupled with ongoing challenges due to subdued industrial demand, especially in Europe, along with inflationary pressures and elevated energy costs.

Eisenwerk Erla and Dynamatic Ltd contributed 24% and 21%, respectively, to DTL's consolidated revenue in FY25, operated at the EBITDA margins of 0.1% and 4.8%, respectively (5.2% and 9.2%). Eisenwerk Erla turned profit-after-tax (PAT) negative in FY25, while Dynamatic's PAT remained positive in FY25. According to the management, the premise vacated by shifting the hydraulics business from the UK to India shall be used by the aerospace and defence segments to scale up its existing business volumes and add new projects in future. Furthermore, the hydraulics business, which shall be transferred to Dynamatic Manufacturing Limited (DML; 100% subsidiary of DTL), an export-oriented unit, will help the company save import duties and taxes. DML contributed 5% to the consolidated revenue in FY25 (FY24: 2.6%) and turned EBITDA positive in FY25 with the EBITDA margins of 5.5% (FY24: negative 31.6%). A sustained improvement in the operating performance of key subsidiaries would remain a key rating monitorable.

Liquidity

Adequate: DTL's average peak utilisation of its INR1,900 million fund-based limits was at 92% over the 12 months ended August 2025. The consolidated cash flow from operations improved to INR974 million in FY25 (FY24: INR396 million) and the free cash flow turned positive at INR261 million (negative INR353 million; FY23: negative INR78 million), supported by a favourable change in the working capital. The free cash flow is likely to remain positive in FY26, owing to moderate capex plans. The company has debt repayments of INR397 million and INR510 million in FY26 and FY27, respectively. DTL also plans to increase working capital limits owing to the requirements of its subsidiaries. DTL's total debt, excluding lease liabilities, was INR4510 million at FYE25, with a term debt of INR2252million (FYE24: INR4581 million; term debt: INR2344 million). Ind-Ra expects the company's balance sheet to de-leverage in FY27 with an improvement in operations and no further significant, debt-funded capex plans.

Rating Sensitivities

Positive: Developments that, individually or collectively, could lead to a positive rating action are:

- a successful and timely execution of the order book, leading to sustained growth in the scale of profitability
- an increase in the liquidity buffers and strengthened credit metrics on a sustained basis

Negative: A decline in the consolidated revenue or profitability, any major debt-funded capex plans and/or elongation of the working capital cycle, leading to the consolidated net adjusted leverage remaining above 3x, on a sustained basis, will be negative for the ratings.

Any Other Information

Not applicable

About the Company

Incorporated in 1973, DTL manufactures highly engineered and critical products for the aerospace and defence, metallurgy and hydraulic segments. The company has engineering and manufacturing facilities in Europe, the UK and India and caters to customers across six continents.

Key Financial Indicators

Particulars (INR billion; Consolidated)	FY25*	FY24*
Revenue	14.03	14.29
EBITDA	1.58	1.59
EBITDA margin (%)	11.3	11.2
Interest coverage (x)	2.8	2.5
Net leverage (x)	3.4	3.4
*includes lease liabilities		
Source: DTL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook		
				11 June 2024	22 September 2023	17 May 2023
Issuer rating	Long-term	-	-	-	WD	IND BBB+/Positive
Bank loan facilities	Long-term/Short-term	INR4,511	IND A/Stable/IND A1	IND A/Stable/IND A1	-	IND BBB+/Positive / IND A2+

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance**Corporate Rating Methodology****Parent and Subsidiary Rating Linkage****Short-Term Ratings Criteria for Non-Financial Corporates**

The Rating Process

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Dynamatic Technologies Limited

The details are as reported by the issuer as on (09 Oct 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating	Issuance Date	Coupon Rate	Maturity Date
1	ICICI Bank	Term Loan	1080	IND A/Stable	18 May 2023	-	28 February 2031
2	EXIM Bank	Term Loan	221	IND A/Stable	18 May 2023	-	31 March 2028
3	Axis Bank Limited	Fund Based Working Capital Limit	700	IND A/Stable / IND A1	-	-	-
4	IndusInd Bank Limited	Fund Based Working Capital Limit	500	IND A/Stable / IND A1	-	-	-
5	ICICI Bank	Fund/Non-Fund Based Working Capital Limit	700	IND A/Stable / IND A1	-	-	-
6	Axis Finance Limited	Term loan	560	IND A/Stable	18 May 2023	-	30 June 2029
7	Federal Bank	Term loan	750	IND A/Stable	02 December 2024	-	31 March 2030