March 24, 2025

Optiemus Infracom Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term/ Short term – Non-fund limits – Proposed	50.00	50.00	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed
Total	**50.00**	**50.00**	

**Instrument details are provided in Annexure I*

Rationale

While assigning the ratings, ICRA has taken a consolidated rating view of Optiemus Infracom Limited (OIL) and Optiemus Electronics Limited (OEL), 100% subsidiaries of OIL, sharing significant operational, managerial, and financial linkages. Further, ICRA has considered the consolidated financials of OIL, including the newly formed Bharat Innovative Glass Technologies Private Limited (BIGTECH), a 70% subsidiary of OIL, while the balance 30% is held by Corning International Corporation, Inc (Corning). OIL has also extended the corporate guarantee to BIGTECH's entire sanctioned debt facility. BIGTECH is setting up a cover glass (for electronic devices including smartphones) manufacturing facility in Tamil Nadu.

The ratings reaffirmation factors in the Optiemus Group's (OIL and/or the Group) healthy increase in revenues and earnings, coupled with its established position as a contract manufacturer of electronics devices, networking and information technology (IT) products. ICRA also notes OIL's ongoing equity raising plans of ~Rs. 434 crore through the issue of preferential equity and convertible equity warrants to fund its equity investment in BIGTECH, partial repayment of existing working capital debt and incremental working capital requirement/capex over FY2026-FY2027. OIL has already raised equity of ~Rs. 145 crore as on February 8, 2025, and plans to raise the balance amount by Q2 FY2027, which would remain a key monitorable. The ratings also account for the established customer base, the promoters' extensive experience and track record in manufacturing and distribution of electronics and IT hardware products.

ICRA also notes OIL's association with Corning, one of the leading manufacturers of cover glass for electronics devices, globally. The project cost is ~Rs. 660 crore and the scheduled commercial operational date (SCOD) is Q4 FY2026. BIGTECH is also expected to earn healthy incentives on the project investments from state and Central Government under the capital incentive schemes. As of now, the project is in its initial stage and land development is under progress. Given that the project is currently in a relatively nascent stage, it exposes the company to project related risks such as execution and time/cost overrun. However, ICRA draws comfort from the established business position of both the project sponsors in the mobile phone/component industry, with Corning's position as one of the leading global players in the cover glass industry. Moreover, Corning is expected to bring benefits in terms of technical expertise for setting up and operating the facility and engaging prospective customers.

The ratings are, however, constrained by the high volatility of the business due to the absence of any long-term offtake contracts in the electronic manufacturing services (EMS) or distribution business. Consequently, the Group remains dependent on the market performance of its original equipment manufacturers (OEMs) and is exposed to competition from other EMS players. ICRA, however, draws comfort from the current healthy order book, which lends revenue visibility for the next fiscal. The company's margins are also constrained by the low value-added nature of its operations, although earnings have improved from the EMS segment due to enhanced volumes and a partial shift to job-work arrangements for some of the business. This apart, the large debt-funded capex in BIGTECH is likely to keep the OIL's credit metrics moderated in the medium term. Completion of the project without any material time/cost overruns achieving satisfactory ramp-up of operations in BIGTECH, post commissioning, will remain key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company is expected to report steady growth in revenue and earnings supported by its order book position, long standing relations with its key customers and the steady demand outlook in the EMS business.

Key rating drivers and their description

Credit strengths

Group's established operational track record and extensive experience of the promoters in distribution and contract manufacturing of electronics and IT hardware products – OIL has been in the electronic device distribution business for the past 30 years. At present, the company primarily distributes various electronics and IT-related devices of Plantronics, a US-based manufacturing company. Besides distribution business, the Group generates revenue by assembling electronic devices, including hearables/wearables, networking and information technology (IT) products and serves various OEMs in the domestic market through OEL and GDN Enterprises Private Limited (GDN). Over the years, the company has built sizeable assembly capacities across three plants, housed within OEL and GDN. Mr. Ashok Gupta, a first-generation entrepreneur with four decades of experience in trading and mobile handset distribution, continues to oversee the day-to-day operations of the Group. He is assisted by his son, Mr. Neetesh Gupta, who oversees the operations of OEL, GDN and the new company, BIGTECH. The project execution and prospective client engagement in BIGTECH are also jointly handled by the senior leadership team of Corning.

Customer base includes reputed companies – The Group launched its EMS business through OEL and GDN. OEL manufactures wearables and hearables for reputed customers in the Indian market. Over the years, it has served key customers such as Noise, Asus, BharatPe, CP Plus, Prime Book, Lava, Xiaomi (TWS), Truke, Flipkart, Croma, Syska for products like smart watches, laptops, tablets, mobiles among others. In FY2024, GDN commenced operations with manufacturing/assembly of router for Reliance-Jio. Apart from this, the Group has recently announced a tie-up with TP Link for manufacturing routers.

Healthy revenue growth in recent years; momentum expected to sustain, aided by favourable demand outlook – On a consolidated basis, the Group's operating income (OI) has grown to ~Rs. 1,528 crore in FY2024 from ~Rs. 221 crore in FY2021. Maintaining the momentum, the company reported an OI of ~Rs. 1,441 crore in 9M FY2025, translating into a YoY growth of ~39%. The growth in OI has been largely in GDN, which reported ~Rs. 951 crore in 9M FY2025 against ~Rs. 248 crore in 9M FY2024. Given the sizeable assembly capacities built over the last few years, the Group's revenue growth is expected to be supported by the order book in hand and favourable demand outlook for the EMS segment.

Credit challenges

Limited value-added nature of operations results in low margins in an intensely competitive industry – The EMS business is intensely competitive due to the presence of numerous players, limiting the company's pricing flexibility. This coupled with the limited value-added nature of operations further moderates the profit margins for industry players. However, the Group's margins have improved slightly in the current fiscal due to a shift in some OEM's business towards job work and economies of scale.

Significant debt-funded capex being undertaken in BIGTECH to keep the credit metrics moderate over near term – Under a JV with Corning, OIL is setting up a cover glass manufacturing plant in BIGTECH for a total project cost of ~Rs. 660 crore, to be funded by debt of Rs. 447 crore (already sanctioned) and the balance Rs. 213 crore as equity. Nonetheless, large debt addition over FY2026-FY2028 is expected to keep OIL's consolidated credit metrics moderate as earnings from BIGTECH would commence materially from FY2027. After the commissioning, stabilisation of operations will be key for generations of adequate cash flows for meeting debt servicing obligations. However, given the long tenure (12 years including 2 years of moratorium for phase 1&1A and 11 years and 9 months with 21 months of moratorium for phase 2) of the term loan, project cash flows are expected to be adequate to meet the debt servicing obligations comfortably.

Revenue volatility in absence of long-term contracts with OEMs, dependence on performance of OEMs – As the tenure of the agreement is not more than one year for existing customers, the contracts are subject to renewal risk. Any loss of key OEM customers for OEL/GDN would remain a key monitorable. Further, in addition to competitive risks from other vendors, the performance of OEMs also remains crucial for the business prospects of vendors/distributors such as OIL.

Environmental And Social Risks

Environmental considerations: Environmental risks for industry players include the use of and handling of hazardous waste or materials, as well as waste disposal practices. These standards expose the Group to the risk of substantial environment related costs and liabilities, including liabilities associated with past activities. All the manufacturing units of OEL and GDN (100% subsidiaries of OIL) are equipped with permits, licences, and have the expertise to handle such hazardous wastes and materials. OEL has the capability to manufacture Restriction of Hazardous Substance (RoHS)-compliant products.

Social considerations: OEL and GDN are exposed to social risks, including implementation of labour rights and maintaining corporate governance. Health and safety concerns of the employees are addressed with comprehensive measures and the initiatives expand beyond the company facilities to cover the communities around the locations. Around 85% of the employees were provided with training in safety and for skill upgrades. The company has board-approved policies in place to ensure workplace safety.

Liquidity position: Adequate

OIL's liquidity position is **adequate**, supported by annual cash accrual generation of Rs. 70-80 crore, ~Rs. 74 crore of cash and bank balances and ~Rs. 10 crore of buffer in cash credit limit as of December 2024. OIL is in the middle of raising equity capital worth ~Rs. 434 crore in the medium term, which is expected to reduce the working capital debt apart from the scheduled deployment in capex in various subsidiaries, including BIGTECH. The internal accruals, available surplus and equity raised are expected to adequately fund annual debt repayments of Rs. 16-17 crore during FY2026-FY2027, incremental working capital requirements and capex of Rs. 650-700 crore over FY2025-FY2027.

Rating sensitivities

Positive factors – A steady increase in revenue and accruals, supported by new clients or continued healthy orders from existing ones, while maintaining comfortable credit metrics and adequate liquidity position may result in ratings upgrade.

Negative factors – Pressure on the ratings could arise in case of a significant decline in revenues or cash accruals, or if any major delay in expected equity raise and/or material time/cost overruns in BIGTECH, weakens the liquidity profile and credit metrics. Specific credit metrics that could result in a ratings downgrade include TOL/TNW of more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of OIL. The list of subsidiaries consolidated with OIL are all enlisted in Annexure-2.

About the company

OIL is a public company incorporated in 1993. It has an established track record in the electronic and IT device distribution business with reputed OEMs. At present, the company primarily distributes various electronics and IT-related devices of Plantronics, a US-based manufacturing company. OIL's shares are listed on BSE and NSE. The Group generates substantial revenue by assembling electronic devices, including hearables/wearables, networking and information technology (IT) products and serves various OEMs in the domestic market through OEL and GDN, 100% subsidiaries of OIL.

OIL is setting up a cover glass manufacturing plant in BIGTECH with debt funding of ~Rs. 447 crore and the balance ~Rs. 213 crore equity capital from OIL and Corning in the ratio 70: 30. The proposed manufacturing plant is in Kancheepuram, near Chennai in Tamil Nadu and is likely to commence commercial production in Q4 FY2026. The initial product would be cover glass for smartphones with a production capacity to manufacture 30 million units annually, which will increase to 150 million in the long term. The technology and key raw materials to manufacture cover glass would be provided by Corning.

Key financial indicators (Audited)

Consolidated	FY2023	FY2024	9M FY2025*
Operating income	1196.3	1528.4	1440.7
PAT	48.8	52.5	40.9
OPBDIT/OI	4.0%	5.2%	5.9%
PAT/OI	4.1%	3.4%	2.8%
Total outside liabilities/Tangible net worth (times)	1.4	2.2	-
Total debt/OPBDIT (times)	2.5	2.1	-
Interest coverage (times)	8.1	10.0	3.7

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; * Provisional financials*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2025)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	24-Mar-2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-fund limits - Proposed	Long term/ Short Term	50.00	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	28-Mar-2024	[ICRA]BBB- (Stable)/ [ICRA]A3	30-Dec-2022	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/ Short term – Non-fund limits - Proposed	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Non-fund limits – Proposed**	NA	NA	NA	50.00	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: Company

[*Please click here to view details of lender-wise facilities rated by ICRA*]

Annexure II: List of entities considered for consolidated analysis

Company Name	OIL's Ownership	Consolidation Approach
Optiemus Electronics Limited	100.00%	Full Consolidation
GDN Enterprises Private Limited	100.00%	Full Consolidation
Optiemus Infracom (Singapore) Pte Limited	100.00%	Full Consolidation
Optiemus Unmanned Systems Private Limited*	100.00%	Full Consolidation
Bharat Innovative Technologies Glass Private Limited	70.00%	Full Consolidation
Optiemus Telecommunication Private Limited	74.00%	Full Consolidation
FineMS Electronics Private Limited	60.00%	Full Consolidation
Troosol Enterprises Private Limited	60.00%	Full Consolidation
Teleecare Network India Private Limited	46.22%	Equity Approach

*Source: OIL annual report and company data, *incorporated on June 21, 2024.*

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