

November 28, 2025

Dixon Electro Appliances Private Limited: [ICRA]AA (CE) (Stable)/ [ICRA]A1+ (CE) withdrawn, and [ICRA]AA (Stable)/ [ICRA]A1+ assigned simultaneously

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Others	20.00	-	-
Long-term/ Short-term – Non-fund based – Letter of credit	200.00	-	-
Long-term – Fund-based – Term loan	50.00	-	-
Short-term – Fund-based – Working capital facilities	-	30.00	[ICRA]A1+ (CE); withdrawn and [ICRA]A1+ assigned simultaneously
Short-term – Non-fund based – Working capital facilities	-	210.00	[ICRA]A1+ (CE); withdrawn and [ICRA]A1+ assigned simultaneously
Long-term/ Short-term - Unallocated	-	30.00	[ICRA]AA (CE) (Stable)/ [ICRA]A1+ (CE); withdrawn and [ICRA]AA (Stable)/ [ICRA]A1+ assigned simultaneously
Total	270.00	270.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn its ratings of [ICRA]AA (CE) (Stable)/ [ICRA]A1+ (CE) for the bank facilities of Dixon Electro Appliances Private Limited (DEAPL) and has simultaneously assigned fresh ratings of [ICRA]AA (Stable)/ [ICRA]A1+ for these facilities. The withdrawal of the CE ratings is triggered by the fall-off of the corporate guarantee extended by Dixon Technologies (India) Limited (DTIL, rated [ICRA]AA(Stable)/[ICRA]A1+; which is also 51% shareholder) towards the bank facilities of DEAPL. Accordingly, CE ratings have been withdrawn, and the ratings have been assigned on an implicit support basis factoring in the parent support.

ICRA's rating action factors in the strong and sustained ramp-up in DEAPL's scale of operations in the last 2-2.5 years, supported by favourable demand from the telecom segment and resultant strengthening of the return and debt coverage metrics. The company benefits from its strong parentage and technical capabilities, enabling it to cater to a diverse clientele. Further, DEAPL is licensed as a domestic manufacturer under the Government of India's production-linked incentive (PLI) scheme, which has facilitated manufacturing agreements with leading brands and accelerated business traction. The company has achieved the PLI incentives for the first three years ending FY2025. Considering the current pace of growth and investments, it is likely to achieve incentives in FY2026.

Being in the nascent stages of growth, the company's clientele is concentrated with significant revenue accruing from two customers – Bharti Airtel Limited (BAL) and Reliance Jio. However, these customers are strong and well-known brands in the telecom and networking products segment and possess a healthy financial profile, which mitigates the counterparty risk. With the expansion planned over the years, other reputed domestic and international customers are expected to get on-board along with augmentation of the current product portfolio. DEAPL's financial profile has strengthened, supported by robust revenue growth (~388% in FY2025 and ~182% in H1 FY2026), healthy RoCE (~50% and above in last 1.5 years) and comfortable coverage metrics. ICRA expects the company's scale to expand steadily over the next few fiscals, driven by continued customer additions and healthy demand prospects in the segment, especially under the PLI scheme. While DEAPL has incurred a significant capex during FY2024-FY2025 to enhance the manufacturing capacity, upcoming investments are expected to be modest. Although part of the planned capex may be debt-funded, ICRA anticipates that the company's growing scale, improved profitability and less reliance on external debt, will keep the coverage metrics at comfortable levels.

The long-term rating is, however, constrained by the company's leveraged capital structure with TOL/TNW at 13.4 times as on September 30, 2025. It has sizeable working capital requirements owing to lead times in imports and the receivables cycle.

While these requirements are largely met through supplier credit, this results in a relatively high leverage and dependence on substantial non-fund based limits. Nevertheless, ICRA derives comfort from DEAPL's and DTIL's established track record of maintaining a lean working capital cycle and adequate liquidity. Further, the rating factors in the stiff competition from other electronic manufacturing services (EMS) players, besides the risk of in-house manufacturing by the brands. While this limits pricing flexibility and bargaining power with customers, advance orders from reputed client provides comfort. The company's revenue depends heavily on its principals' business plans and performance, with most of its revenues flowing from two-three major customers currently. Lastly, the consumer electronics industry demands ongoing innovation and rapid tech, necessitating regular investments for upgrades to stay competitive. DEAPL also faces regulatory (like change in custom duty, taxation, etc) and foreign exchange risks due to significant imports, though it can partly offset forex fluctuations by passing on the incremental cost to the customer.

The Stable outlook on DEAPL's rating reflects ICRA's opinion that the company will continue to ramp-up revenues at a healthy pace over the medium term, while maintaining strong return and coverage metrics.

Key rating drivers and their description

Credit strengths

Strong track record and financial profile of the promoter – DEAPL is a joint venture (JV) between DTIL (51%) and Beetel Teletech Limited (49%; or Beetel). Incorporated in 1993, DTIL is a diversified EMS company with operations in the electronic products vertical such as consumer electronics, home appliances, mobile phones, telecom and networking products, IT hardware, among others. It also manufactures other electronic products through JVs entered with reputed players. The company and its subsidiaries/JVs have received approvals under the PLI scheme for five segments – mobile phones, lightning, telecom and networking products, inverter controller boards for air conditioners and IT hardware. Further, Beetel is one of the oldest and reputed brands in the telecom industry, in the landline phone category. DEAPL's strong parentage as a subsidiary of DTIL and healthy revenue share (~9-10% of DTIL-consolidated) is a source of comfort for its ratings. The company has a demonstrated track record of funding support from DTIL in the past to meet its short-term funding mismatches. Given the strong parentage, DEAPL is expected to receive requisite support from DTIL, in case the need arises.

Reputed clientele with low counterparty risk – Historically, DEAPL's revenue was concentrated, with majority derived from Bharti Airtel Limited (BAL) and its group companies. However, customer diversification has improved with the addition of Reliance Jio. All these clients are well-established brands in the end-user industry with healthy financial profiles, which partly mitigates the counterparty risk. In Q2 FY2026, DEAPL further strengthened its portfolio by onboarding an international customer, which is expected to drive incremental revenues. With planned capacity expansion over the coming years, the company aims to onboard additional domestic and international customers while augmenting its product portfolio.

Comfortable coverage metrics and return indicators – DEAPL's financial profile has strengthened, supported by robust revenue growth (~388% in FY2025 and ~182% in H1 FY2026), healthy RoCE (~50%) and comfortable coverage metrics. ICRA expects the company's scale to expand steadily over the medium term, driven by favourable demand prospects of the telecom segment, especially under the PLI scheme, and continued customer additions. DEAPL's net worth improved to ~Rs. 187 crore (as on September 30, 2025, Vs. Rs. 94.6 crore as on March 31, 2025, and Rs. 4.6 crore in March 2024), aided by healthy accretion to reserves. Its reliance on bank debt remains limited, as reflected in healthy interest coverage ratio of 4.7 times in FY2025 and 13.2 times H1 FY2026 (FY2024: 2.3 times). As DEAPL has incurred significant capex to enhance manufacturing capacity, upcoming investments are expected to be modest. Although part of the planned capex may be debt-funded, ICRA anticipates that the company's growing scale and profitability will keep the coverage metrics at comfortable levels.

Credit challenges

Leveraged capital structure; highly working capital-intensive operations – The company has sizeable working capital requirements owing to lead times in imports and the receivables cycle. While these requirements are largely met through supplier credit, this results in a relatively high leverage with TOL/TNW of 13.4 times as on September 30, 2025 (26.6 times as on March 31, 2025) and dependence on substantial non-fund based limits. With strong revenue growth anticipated, the

creditor levels and total outside liabilities are expected to rise over the medium term. Nevertheless, ICRA derives comfort from DEAPL's and DTIL's established track record of maintaining a lean working capital cycle and adequate liquidity.

Dependence on customers' business plans and performance with risk of technological obsolescence – As is prevalent in the industry, the company's revenues are closely linked to the business plan and performance of its principals. Further, it faces revenue concentration risk, as the top two customers are expected to account for majority of its revenues in the medium term. Moreover, the consumer durable/electronic products/EMS industry is characterised by continuous product and process innovation and rapid adoption of new technology. Given the risk of technological obsolescence, the industry players are required to undertake continuous upgrades to sustain the competitive advantage. Further, DEAPL is vulnerable to risks pertaining to regulatory changes (like customs duty, taxation, etc) and foreign exchange exposure, considering its sizeable imports. However, the forex risk is mitigated to an extent with its ability to pass on the variation.

Liquidity position: Adequate

DEAPL had free cash balance of ~Rs. 29 crore and healthy cushion (~Rs. 537 crore) in the form of undrawn working capital facilities as on September 30, 2025. With no term debt liabilities, the company's liquidity is expected to remain adequate with cash flows from operations and liquidity available to meet the capex commitment of Rs. 60-90 crore p.a. planned for FY2026-FY2027 and working capital margin requirements, if any.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a material improvement in earnings profile and debt protection metrics, along with an improvement in DTIL's credit profile.

Negative factors – The ratings may be downgraded if, in ICRA's assessment, there is a deterioration in the parent's (DTIL) credit profile or a weakening of business or financial linkages between DTIL and DEAPL. A downgrade could also occur if DEAPL's operational profile deteriorates due to an inability to ramp up sales, or if working capital challenges lead to weaker debt coverage metrics and liquidity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on withdrawal of credit ratings
Parent/Group Support	Parent company: Dixon Technologies (India) Limited The ratings factor in the high likelihood of its parent, DTIL, extending financial support, given the strategic importance of DEAPL. ICRA expects DTIL to extend financial support to DEAPL out of its need to protect its reputation from the consequences of a Group entity's distress. DTIL has a track record of extending timely financial support to other subsidiaries, whenever needed.
Consolidation/ Standalone	Standalone

About the company

DEAPL, incorporated on January 15, 2020, operates as a JV between DTIL (51%) and Beitel Teletech Limited (49%, a Bharti Airtel group entity), to produce telecom and networking equipment, including products manufactured under the PLI scheme notified by the Ministry of Communications, Government of India. DEAPL has a strong customer base, with Bharti Airtel Limited, Beitel, and Reliance Jio among its key counterparties. It operates two manufacturing facilities in Noida, Uttar Pradesh, dedicated to telecom and networking products.

Key financial indicators (audited)

Standalone	FY2024	FY2025	H1FY2026*
Operating income (OI, Rs. crore)	685.6	3,343.9	3,045.0
PAT (Rs. crore)	3.7	70.6	92.3
OPBDITA/OI (%)	3.5%	4.0%	4.5%
PAT/OI (%)	0.5%	2.1%	3.0%
Total outside liabilities/Tangible net worth (times)	152.8	26.6	13.4
Total debt/OPBDITA (times)	4.3	1.9	0.8
Interest coverage (times)	2.3	4.7	13.2

Source: Company, ICRA Research; *Unaudited; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; PAT: Profit after tax

Note - All ratios as per ICRA's calculations; Calculations are based on preference share capital classified as hybrid equity.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Nov 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Others	Long-term	-	-	Aug 09, 2024	[ICRA]AA(CE) (Stable)	Dec 08, 2023	[ICRA]AA-(CE) (Positive)	-	-
				-	-	Aug 22, 2023	[ICRA]AA-(CE) (Stable)	-	-
Fund-based – Term loan	Long-term	-	-	Aug 09, 2024	[ICRA]AA(CE) (Stable)	Dec 08, 2023	[ICRA]AA-(CE) (Positive)	-	-
				-	-	Aug 22, 2023	[ICRA]AA-(CE) (Stable)	-	-
Non-fund based – Letter of credit	Long-term/ Short-term	-	-	Aug 09, 2024	[ICRA]AA (CE) (Stable)/ [ICRA]A1+(CE)	Dec 08, 2023	[ICRA]AA-(CE) (Positive)/ [ICRA]A1+(CE)	-	-
				-	-	Aug 22, 2023	[ICRA]AA-(CE) (Stable)/ [ICRA]A1+(CE)	-	-
Fund-based – Working capital facilities	Short-term	30.00	[ICRA]A1+	-	-	-	-	-	-
Non Fund-based – Working capital facilities	Short-term	210.00	[ICRA]A1+	-	-	-	-	-	-
Unallocated	Long-term/ Short-term	30.00	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Fund-based – Working capital facilities	Simple
Non-fund based – Working capital facilities	Very simple
Unallocated	Not applicable

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 No.	Instrument name	Date of issuance / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based – Working capital facilities	NA	NA	NA	30.00	[ICRA]A1+
NA	Non-fund based – Working capital facilities	NA	NA	NA	210.00	[ICRA]A1+
NA	Unallocated	NA	NA	NA	30.00	[ICR]AA (Stable)/ [ICRA]A1+

Source: Company, ICRA Research

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

Annexure II: List of entities considered for consolidated analysis- Not applicable

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