November 28, 2025

Dixon Electro Manufacturing Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	300.0	0.00	-
Long-term/ Short-term – Fund-based – Others	42.00	0.00	-
Long-term/ Short-term – Non-fund based – Others	50.00	0.00	-
Short-term – Non Fund-based – Working capital facilities	0.00	242.00	[ICRA]A1+; reaffirmed
Short-term – Fund-based – Working capital facilities	0.00	100.00	[ICRA]A1+; reaffirmed
Long-term/ Short-term – Unallocated	8.00	58.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Total	**400.00**	**400.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has taken a consolidated view of Dixon Technologies (India) Limited (DTIL), its subsidiaries (including Dixon Electro Manufacturing Private Limited or DEMPL), step-down subsidiaries, and associate companies, while assigning the credit ratings (together referred to as Dixon Group viz., DTIL along with its subsidiaries/joint ventures or JVs), given the common management team and significant operational and financial linkages among the entities.

The rating reaffirmation for DTIL reflects its large scale of operations, which imparts benefits of economies of scale, along with a strong operating and financial profile. The Group (viz. DTIL along with its subsidiaries/joint ventures or JVs) has an established track record as an electronic manufacturing services (EMS) player with presence in diversified product segments, leading position in its key product segments (like mobile phones, washing machines, refrigerators, LED television, telecom and networking products, etc) and established relationships with a reputed clientele. Over the last two-three years, the Group has strengthened its relations with existing clients and onboarded several new ones across segments – Ismartu group (mobiles), Realme, Compal, Voltas and Bosch (home appliances), Airtel and Jio (telecom and networking products), HP and ASUS (IT hardware), among others. It is a beneficiary under the production-linked incentive (PLI) scheme for five segments – mobile phones, lightning, telecom and networking products, inverter controller boards for air conditioners and IT hardware, and has achieved the incremental investment and revenue thresholds for FY2025 for four PLIs barring IT hardware, where operations are expected to ramp-up in FY2026. A part of the incentives realised so far has also been shared with the clients. Supportive policy measures under the Make in India initiative, healthy domestic demand driven by low penetration levels, and the China+1 strategy of global manufacturers are expected to accelerate DTIL's growth over the medium term.

The Group reported a robust year-on-year revenue growth of ~120% in FY2025 and ~53% in H1 FY2026. ICRA expects this momentum to sustain, supported by scale-up in new business segments and products (IT hardware, telecom and networking products, wearables, refrigerators, etc), healthy and consistent order inflows along with customer diversification. While ICRA expects the operating profit margin (OPM) to moderate to 3.5-3.7% over the near to medium term due to the increasing share of prescriptive business, continued focus on backward integration and rise in the original design manufacturing (ODM) business should provide support to some extent. Returns on capital employed (RoCE) is likely to remain comfortable owing to relatively lower blockage of working capital funds under the prescriptive business model. The debt coverage indicators remain strong,

with interest cover above 9 times in FY2025 and H1 FY2026 and it is expected to sustain above 8.0 times over the medium term. The Group's ability to effectively and efficiently manage the rapid scale-up in its operations, while maintaining a favourable cash conversion cycle and profitability, will remain crucial from the credit perspective.

DTIL's operations entail sizeable working capital requirements due to import lead time and receivables realisation period, largely funded through supplier credit, resulting in a relatively high TOL/TNW ratio and dependence on sizeable non-fund based limits. However, ICRA notes that a part of DTIL's creditors for Xiaomi remains covered by bank guarantees (BGs) extended by the customers, which reduces the credit risk. Additionally, the company enters back-to-back payment arrangements with some of its suppliers, which are either a related party to its customers or are identified by the same. This mechanism, while lowering DTIL's working capital requirements as well as credit risks, results in creation of debtor and creditor for it from the same/related parties. Adjusted for such back-to-back arrangements and free cash on books, the company's adjusted net TOL/TNW[1] stood at 1.0 times as on September 30, 2025 and March 31, 2025 (1.4 times as on March 31, 2024). Given the strong revenue growth expectations, the creditors and consequently the total outside liabilities are expected to increase over the medium term. In this context, ICRA takes comfort from the company's past track record of managing lean working capital cycle (NWC/OI of 0-3% over the last three years; 2.5% in FY2025), its adequate liquidity profile and financial flexibility. While the Group plans to undertake sizeable capacity expansion and remains open to inorganic growth opportunities (e.g. acquisition of majority stake in Kunshan Q Tech Microelectronics Private Limited (KQTMPL)), a part of which is likely to be debt funded, ICRA expects that its growing scale and profits will keep the leverage metrics at a comfortable levels, with adjusted net TOL/TNW projected below 1.3 times over the medium term.

The Group relies on several major customers, which makes its revenue vulnerable to their business decisions and performance. However, this risk is partly mitigated by the strong profiles of its largest clients – Motorola Mobility LLC, Ismartu Group, Longcheer, Bharti Airtel Limited, Xiaomi Corporation (Moody's Baa1, Stable), and Samsung Electronics (Moody's Aa2, Negative) – and by DTIL's growing customer base and status as a leading, cost-efficient EMS provider in India. The ratings consider the highly competitive environment of electronics manufacturing, which carries risks such as technological changes, currency fluctuations, and shifting regulations. To remain competitive, companies must continually upgrade their processes and invest in product innovations. Like other firms in the EMS industry, DTIL depends on imported components, leaving it exposed to supply chain disruptions. Nevertheless, its established track record in the sector, navigating these risks provides comfort.

The Stable outlook on the long-term rating reflects ICRA's expectations that DTIL will sustain its revenue growth even as profitability may moderate marginally due to changing business mix in the near to medium term. Further, the outlook underlines ICRA's belief that the company will fund its incremental capex and investment requirements in a manner that allows it to maintain low leverage and strong debt protection metrics.

Key rating drivers and their description

Credit strengths

Established track record and market position in EMS business – DTIL has over two decades of experience in the EMS business and an established track record and leadership position in its key segments of operations, i.e., mobiles and EMS division, home appliances and LED television. Over the years, the company has augmented its manufacturing capacities alongside acquiring cost competency to become one of the largest and cost-efficient EMS players in the country. These strengths have helped DTIL add new principals and maintain healthy relationships with them, leading to repeat business. The ratings reflect the achievement of investment and revenue thresholds under four PLI schemes (mobile phones, telecom and networking products, LED lighting components, and AC PCBs) in FY2025, with IT hardware expected to meet its threshold in FY2026.

[1] *Adjusted net TOL/TNW ratio: For arriving at adjusted net TOL/TNW, the TOL has been adjusted by netting off cash balances and liquid investments and creditors which are either covered by BGs or where clients and suppliers are covered under back-to-back arrangement, and other back-to-back payables (to be paid only when corresponding payments are realised).*

Diversified revenue streams across product segments with reputed clientele – The company's revenues are diversified across consumer electronics (CE; mainly LED television and refrigerator), home appliances (mainly washing machines), mobiles, telecom and networking products and hearables and wearables. However, in the recent years, there has been a noticeable concentration in the mobile phone segment, driven by robust demand. While the LED television, and home appliance business are catered to by DTIL, mobile phones and IT hardware manufacturing come under its wholly-owned subsidiary, Padget Electronics Private Limited (PEPL). Similarly, the refrigerator business is undertaken through its wholly-owned subsidiary - Dixon Electro Manufacturing Private Limited. Telecom and networking products, wearables and hearables, lighting as well as air conditioner–printed circuit boards (AC-PCBs) manufacturing is undertaken in JVs established with Beetel Teletech Limited, Imagine Marketing Limited, Signify Innovations India Limited and Rexxam Group, respectively. The presence across multiple product segments provides DTIL a diversified revenue stream and growth opportunities. The company's clientele comprises reputed global brands such as Motorola, Xiaomi, Samsung, ITel, Airtel, Reliance Jio, Realme, Compal, Acer, Lenovo, HP, ASUS, etc. The addition of new clients has supported supply-chain diversification as well.

Robust growth in scale of operations with healthy coverage metrics and return indicators – DTIL's financial profile remains strong, with robust revenue growth (five-year revenue CAGR of ~55%), consistently high RoCE (above 20% over last four years, which jumped to ~51% in FY2025 and H1 FY2026) and comfortable coverage metrics. In FY2025 and H1 FY2026, it posted a 120% and 53% YoY revenue growth, respectively, primarily supported by scale-up in its mobile phones' vertical. ICRA expects the DTIL Group's scale to grow substantially over the next few fiscals on the back of demand under the PLI scheme and venture into new segments. The company's net worth stood strong at ~Rs. 4,064 crore (as on September 30, 2025), driven by healthy accruals from operations and fund raised through employee stock option programmes. Its reliance on external debt has remained limited, as reflected in interest coverage ratio of 9.6 times in FY2025 and 14.3 times in H1 FY2026. While the Group plans to undertake sizeable capacity expansion (and remains open to inorganic growth opportunities – e.g. acquisition of KQTMPL), a part of which is likely to be debt funded, ICRA expects that its growing scale and profitability will keep the coverage metrics at a comfortable level.

Credit challenges

Working capital-intensive nature of business – DTIL has sizeable working capital requirements due to the lead time in imports and receivables realisation period. Moreover, it has limited pricing flexibility and bargaining power with customers, as reflected in low margins (especially in segments like mobiles and EMS divisions), which limits the surplus generation vis-à-vis requirements of a rapidly growing business. While the company's working capital funding requirements are largely being met by the credit period from suppliers, it results in relatively high (albeit improving) adjusted net TOL/TNW ratio (1.0 times as on September 30, 2025 and March 31, 2025) and dependence on substantial non-fund based limits. Given the strong revenue growth expectations, the creditor and the total outside liabilities are likely to increase over the medium term. Nonetheless, ICRA takes comfort from the company's past track record of managing a lean working capital cycle and maintaining adequate liquidity position.

Exposed to geopolitical risks and susceptibility of revenues to performance of key customers – Given DTIL's import dependence for several key components (battery cells, other raw material for electronics), it remains vulnerable to geo-political developments between India and raw-material exporting nations. Any change in regulations related to imports of components or supply-chain disruptions could impact its operations. The foreign exchange exposure due to sizeable imports is mitigated largely by its ability to pass on these variations to the customers under the prescriptive business (~60-70% of business currently). Further, DTIL's revenues are closely linked to the business plan and performance of its customers. A major part of its revenues and operating profitability is derived from its top three customers — Motorola, Ismartu and Longcheer. However, ICRA derives comfort from DTIL's long relationships with its top clients and the strong profile of the clientele. Moreover, with ramp-up in sales to new customers, added across segments over the last 12-18 months, the customer concentration is expected to reduce sequentially over the medium term. Given the dynamic nature of the industry and stiff competition from other players/in-house manufacturing capacities of principals, DTIL will need to remain focused on

maintaining its cost competitiveness through consistent investments in contemporary new products and processes to ensure repeat business.

Environmental and social risks

Environmental considerations – The electronics manufacturing industry (and DTIL) remains exposed to litigation/penalties arising from issues related to waste and pollution management. As per the company's annual report of FY2025, it has been taking initiatives towards the use of sustainable technology and energy efficiency. It is continually augmenting the renewable energy contribution in the total energy mix. Nonetheless, DTIL's cash flows remain exposed to the increasing investment requirements to comply with stringent pollution norms (recycling or safe waste disposal).

Social considerations – Social risks in the industry stem from the health and safety concerns of employees involved in the manufacturing process. It also remains exposed to any major shift in consumer preferences, which is a key driver for demand, and accordingly may need to make material investments to realign its product portfolio.

Liquidity position: Adequate

DTIL's liquidity is expected to remain adequate, backed by healthy cash flow from operations and supported by on-book cash and cash equivalents (approximately Rs. 600 crore) and undrawn fund-based limits (around Rs. 2,434 crore at a consolidated level) as on September 30, 2025. The average fund-based limit utilisation had been around 30% over the last one year. The company intends to undertake capex (including acquisitions) in the range of Rs. 1,300-1,500 crore during FY2026-FY2027, partly funded by external debt. The debt repayment obligations are estimated to be at ~Rs. 200-350 crore p.a. during FY2026-FY2027 based on the estimated debt drawdown. The company's cash flows from operations and buffers in limits are expected to keep the liquidity at adequate levels.

Rating sensitivities

Positive factors – DTIL's ratings could be upgraded if it is able to enhance business diversification, sustain earnings growth and strengthen its leverage, coverage metrics and liquidity metrics. A specific credit metric that could lead to a rating upgrade is if adjusted net TOL/TNW is below 0.75 times, on a sustained basis.

Negative factors – Loss of major clients, significant slowdown in its key product segments, supply-chain disruption or higher-than-expected debt-funded capex/ investments that materially affect its leverage and coverage metrics may exert pressure on the ratings. Additionally, any asset-liability mismatch or deterioration in working capital intensity, which materially impacts liquidity position will be a credit negative. Adjusted net TOL/TNW increasing above 1.75 times or interest coverage falling below 7 times, on a sustained basis, can trigger a rating downgrade.

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 DTIL,. which includes its subsidiaries and joint ventures (JVs) as mentioned under Annexure II

About the company

DTIL, incorporated in 1993 by Mr. Sunil Vachani, is a diversified electronic manufacturing services (EMS) company with operations in the electronic products vertical such as consumer electronics (CE), lighting, and home appliances (including washing machines, refrigerators). Besides, it manufactures mobiles phones through its wholly-owned subsidiary Padget

Electronics Private Limited (PEPL). Over the years, the company has diversified its product portfolio across products under the EMS division including telecom and networking products, hearables and wearables, IT hardware, among others. Lately, the company entered JVs with other domestic and global players for strengthening its backward integration, especially in the mobile phones segment.

DTIL, headquartered in Noida, has around 24 manufacturing facilities (at a consolidated level) across Noida (Uttar Pradesh), Dehradun (Uttarakhand), Ludhiana (Punjab), and Chittoor (Andhra Pradesh). In the last few years, the company and its subsidiaries/JVs have received approvals under the production-linked incentive (PLI) scheme for five segments - mobile phones, lightning, telecom and networking products, inverter controller boards for air conditioners and IT hardware.

DEMPL, incorporated in 2021, is a 100% subsidiary of DTIL and is involved in the manufacturing/ assembling and sale of all kinds of electronic appliances, primarily refrigerators and all type of parts and accessories thereof. The manufacturing facility of DMEPL is located in Noida and has recently commenced the production of refrigerators, with annual production capacity of 1.2 million direct refrigerators. The company has already added reputed clientele in the segment including Havells, Elista, Gangnam etc, and shall continue to operate in line with the policies and practices followed by Dixon group.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1FY2026*
Operating income (Rs. crore)	17,690.9	38,860.1	27,690.7
PAT (Rs. crore)	364.7	1,215.2	1,017.8
OPBDIT/OI (%)	4.0%	4.0%	3.8%
PAT/OI (%)	2.1%	3.1%	3.7%
Total outside liabilities/Tangible net worth (times)	3.2	3.9	3.3
Total debt/OPBDIT (times)	1.1	0.7	0.9
Interest coverage (times)	8.7	9.6	14.3

*Source: Company, ICRA Research; *Unaudited figures; All ratios as per ICRA's calculations; 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 (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov 28, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Others	Long-term/ Short-term	0.00	-	Aug 09, 2024	[ICRA]AA (Stable)/[ICRA] A1+	-	-	-	-
Non-fund based-Others	Long-term/ Short-term	0.00	-	Aug 09, 2024	[ICRA]AA (Stable)/[ICRA] A1+	-	-	-	-

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Nov 28, 2025	Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long-term/ Short-term	58.00	[ICRA]AA (Stable)/[ICRA]A1+	Aug 09, 2024	[ICRA]AA (Stable)/[ICRA] A1+	-	-	-	-
Fund-based-Term loan	Long-term	0.00	-	Aug 09, 2024	[ICRA]AA (Stable)	-	-	-	-
Fund-based-Working capital facilities	Short-term	100.00	[ICRA]A1+	-	-	-	-	-	-
Non-fund based Working capital facilities	Short-term	242.00	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term – Fund-based – Working capital facilities	Simple
Short-term – Non-fund based – Working capital facilities	Very simple
Long-term/ Short-term – Unallocated	NA

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	Short-term – Fund-based – Working capital facilities	NA	NA	NA	100.00	[ICRA]A1+
NA	Short-term – Non-fund based – Working capital facilities	NA	NA	NA	242.00	[ICRA]A1+
NA	Long-term/Short-term-Unallocated limits	NA	NA	NA	58.00	[ICRA]AA (Stable)/ [ICRA]A1+

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	Ownership	Consolidation approach
Dixon Global Private Limited	100.0%	Full Consolidation
Padget Electronics Pvt. Ltd.	100.0%	Full Consolidation
Dixon Electro Manufacturing Private Limited	100.0%	Full Consolidation
Dixtel Infocom Private Limited	100.0%	Full Consolidation
Dixon Display Technologies Private Limited	100.0%	Full Consolidation
Dixon Electro Appliances Private Limited	51.0%	Full Consolidation
Califonix Tech and Manufacturing Private Limited	50.0%	Full Consolidation^
Dixon Electroconnect Private Limited	100.0%	Full Consolidation
Dixon IT Devices Private Limited	100.0%	Full Consolidation
Dixon Teletech Private Limited	100.0%	Full Consolidation
Dixon Electrocorp Private Limited	100.0%	Full Consolidation
Ismartu India Private Limited	50.1%	Full Consolidation
Kunshan Q Tech Microelectronics (India) Private Limited	51.0%	Full Consolidation
Rexxam Dixon Electronics Private Limited	40.0%	Equity Method
Lightanium Technologies Private Limited	50.0%	Equity Method
Dixon Technologies Solutions Private Limited*	50.0%	Equity Method

*Source: Company, ICRA Research, ^Considered as subsidiary during FY2025 based on control obtained; *entire stake transferred to Lightanium Technologies Private Limited (LTPL) w.e.f. August 01, 2025 and hence, a JV by virtue of 50% shareholding in LTPL*

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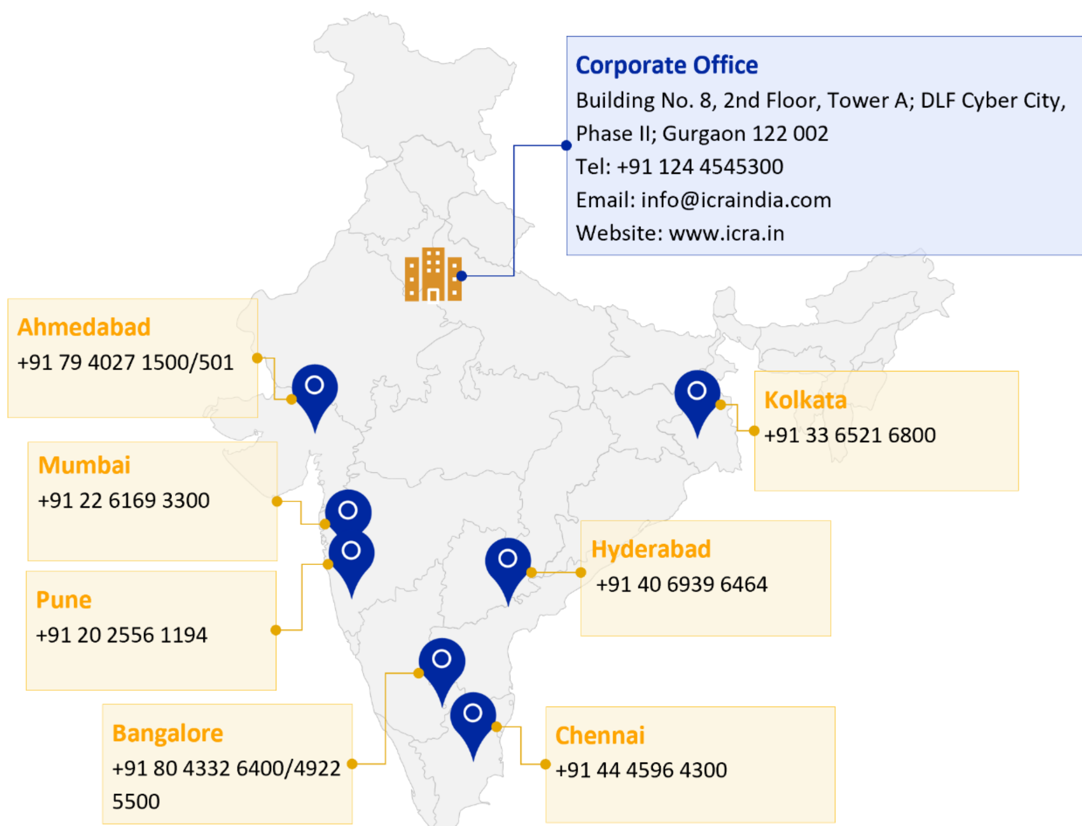

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