

March 16, 2026

CYIENT DLM LIMITED: [ICRA]AA- (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Others	50.00	[ICRA]AA- (Stable); assigned
Total	50.00	

*Instrument details are provided in Annexure-I

Rationale

The rating assigned to Cyient DLM Limited (CDLM) factors its strong parentage with Cyient Limited holding a majority stake (~52% as of December 2025) and an established track record in the Indian electronic manufacturing services (EMS) industry. Cyient Limited is a large and reputed global player in the information technology and engineering services industry, with over three decades of operational track record. The rating derives comfort from the strategic, operational and financial linkages that CDLM shares with its parent, including the product level synergies, access to group-level design expertise, long-standing customer relationships and a demonstrated track record of funding support from the parent. Cyient Limited has historically extended financial assistance to CDLM, underscoring the latter's strategic and reputational importance within the group.

CDLM's business profile remains healthy, supported by its presence in niche segments such as aerospace, defence, industrial and MedTech and strengthened by consistent order inflows and sizeable order book of ~Rs. 2,349 crore as of December 2025 (translates into book-to-bill ratio of ~1.5 times, providing medium-term revenue visibility) and a growing share of design-led build-to-specification (B2S) offerings. This has enabled the company to grow to healthy scale of operations and maintain comfortable leverage and liquidity metrics, a trend which is expected to sustain over the medium term. The rating positively factors in the improvement in the financial profile, driven by the strengthening of the net-worth base post its initial public offering (IPO), wherein there was an infusion of ~Rs. 700 crore (including pre-IPO placement) in FY2024, coupled with reduction in working capital borrowings to nil in FY2024, which was one of the key objects of the public offer. The coverage indicators are expected to improve FY2027 onwards on account of the expected improvement in margins driven by ramp-up in scale of operations and B2S offering and a range-bound increase in the debt levels in the medium term.

The rating is, however, constrained by the working capital intensive nature of business, given the inherent nature of the aerospace and defence (A&D) business and the high mix, engineering critical product profile, which have a longer lead time and necessitate higher inventory levels and longer receivable cycles. CDLM remains exposed to fluctuations in raw material prices and global supply-chain dependencies, though these risks are partly mitigated by the pass-through arrangements with most customers and the natural hedge provided by its export-driven revenue base.

In October 2024, CDLM acquired Altek Electronics, making it a wholly-owned step-down subsidiary. The acquisition (and scale-up thereafter) is expected to strengthen CDLM's business profile through Altek's established presence in North America, which has a diversified client base and potential cost efficiencies. Altek, which primarily offers PCB assembly and box builds, is currently under integration with CDLM. CDLM continues to evaluate inorganic growth opportunities. Any higher-than-anticipated debt-funded acquisitions that materially weaken its debt protection metrics would be a key rating sensitivity.

The Stable outlook reflects ICRA's expectation that CDLM will maintain a comfortable financial profile, on the back of expected improvement its operating margins and scale over the medium term, supported by ramp up of utilisation of its existing manufacturing capacities and increased contribution from B2S offerings.

Key rating drivers and their description

Credit strengths

Strong parent profile – Cyient Limited is India-based global engineering, manufacturing, and digital technology solutions company, with over three decades of experience in providing design-led services across aerospace, defence, rail, communications, utilities and industrial sectors. CDLM benefits from the strong strategic, operational and financial linkages with its parent – Cyient Limited, which holds ~52% equity stake and has overlap in leadership representation at the board level. The association enhances CDLM’s market credibility, provides access to global OEM customers and supports technological and design synergies across the group. CDLM accounted for ~20% of Cyient Limited’s consolidated revenues in FY2025. Cyient Limited has historically extended support to CDLM through inter-corporate loans and corporate guarantees and is expected to continue providing such backing, if required, given the reputational and strategic importance of CDLM within the Cyient Group.

Healthy business profile with reputed clientele – CDLM’s business profile is healthy and is supported by its presence in high complexity segments such as aerospace, defence, industrial and MedTech. While the customer concentration remains elevated, with the top five customers accounting for ~75–80% of revenues, the risk is mitigated by the long-standing relationships with reputed global OEMs and Tier-1 clients across India, North America and Europe. Moreover, the complexity of the segments served and the long customer validation cycles further enhance customer stickiness. The company’s strong customer base, coupled with a healthy order book (~Rs. 2,349 crore as of December 2025) and rising traction in design-led B2S offerings, provides healthy revenue visibility and scope for margin expansion.

Large scale of operations with comfortable leverage and coverage metrics – CDLM operates at a sizeable scale, with revenues of ~Rs. 1,519 crore in FY2025 (YoY growth of 27.5% and CAGR of ~28% over the last 3 years). It maintains a comfortable financial risk profile as reflected in a TOL/TNW of 0.8 times and interest coverage of 3.7 times. Although revenues are expected to moderate in FY2026 owing to the high base effect, arising out of completion of a large defence order in the previous year, the growth momentum is likely to resume in FY2027. Further, its leverage and coverage metrics are anticipated to improve, supported by increasing scale and associated operating leverage benefits, repayment of the loan extended by the parent and modest utilisation of working capital limits. However, in case any higher-than-anticipated debt-funded acquisitions are undertaken, that materially weakens its debt protection metrics, would be a key rating sensitivity.

Credit challenges

High working capital requirements – CDLM’s business remains working capital intensive, with high inventory holding requirements and extended credit period to select clients. This is reflected in NWC/OI ratio ranging within ~18-38% over the last three years, despite healthy customer advances. The working capital intensity was further elevated during FY2024–2025 due to the execution of a large defence order (now completed). The structurally longer and customer-specific working capital cycles in the aerospace and defence segment, coupled with the high mix, low to medium volume nature of components manufactured and longer lead times lead to elevated inventory levels. Nevertheless, the working capital burden is partly mitigated by CDLM’s ability to secure pass-through arrangements in most cases, despite the significantly larger scale of its customers, which helps to moderate the overall liquidity pressure.

Susceptibility to fluctuations in raw material prices – CDLM remains exposed to fluctuations in raw material prices, particularly for electronic components, given the high mix nature of its operations and dependence on global supply chains. While the company mitigates this risk through pass-through arrangements with customers in most cases, any mismatch in pricing or delays in customer approvals can temporarily impact margins. The dependence on imported components exposes the company to volatility in global commodity and freight costs, although the high export orientation provides a natural hedge against currency-related risks.

Environment and social risks

Environmental risks – Entities operating in the electronics manufacturing industry are exposed to litigation/penalties arising from issues related to hazardous waste or materials and pollution management, including liabilities associated with past activities. All units of CDLM are equipped with permits, licenses, and the expertise to handle such hazardous waste and materials. CDLM’s operations comply with global standards, is accredited several accreditations and certifications. Nonetheless, the company’s cash flow will remain exposed to the increasing investment requirements to comply with stringent pollution norms (recycling or safe waste disposal).

Social risks – CDLM relies heavily on human capital and technological expertise for its manufacturing processes. Retaining skilled employees and maintaining strong relationships with both staff and suppliers are critical to ensuring smooth, disruption-free operations. Another social risk that the company faces pertains to product safety and quality, where instances of product recalls and high warranty costs may not only result in financial implications but could also harm its reputation and create a more long-lasting adverse impact.

Liquidity position: Adequate

The company’s liquidity position is adequate, supported by cash, equivalents and investments of ~Rs. 309 crore as on December 31, 2025. The fund-based working capital limit utilisation remained low at around 20% over the 12 months that ended in January 2026. Healthy operating cash flows, together with limited organic capex requirements, are expected to comfortably meet its internal funding needs. The projected liquidity is sufficient to cover the company’s repayment obligations of ~Rs. 30 crore falling due in FY2027.

Rating sensitivities

Positive factors – ICRA may consider a rating upgrade if the company delivers a sustained and meaningful improvement in revenues, earnings and working capital intensity, while maintaining adequate liquidity and healthy credit metrics. Further, improvement in the credit profile of its parent would be a credit positive.

Negative factors – Downward pressure on the rating could arise in case of a material weakening in revenues and/or profitability leading to a sustained deterioration in debt-protection metrics. An increase in working capital intensity or larger-than-expected debt-funded capex/inorganic investments that strain the liquidity on a prolonged basis would be negative triggers. Additionally, a deterioration in the parent’s credit profile or weakening of operational and financial linkages, as assessed by ICRA, could adversely impact the rating. Specific credit metrics for downgrade include TOL/TNW increasing over 1.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Cyient Limited The rating factors in the high likelihood of its parent, Cyient Ltd, extending financial support, given the strategic importance of Cyient DLM Ltd and its need to protect its reputation from the consequences of a Group entity’s distress.
Consolidation/Standalone	The rating is based on the consolidated financial statements of the entity, which include its wholly-owned subsidiary, Cyient DLM Inc. and step-down subsidiary, Altek Electronic Inc. as mentioned under Annexure II.

About the company

Incorporated in 1993 as Rangsons Electronics Pvt Ltd, Cyient DLM Ltd is a leading Indian player in EMS sector. It offers system design, integration, testing and manufacturing of electronic components and subsystems for OEMs in aerospace, defence and other high technology industries. It specialises in high mix, low to medium volume, complex and high reliability solutions for safety as well as mission critical applications. The company also undertakes printed circuit board assembly for the telecommunications and direct-to-home sectors. Headquartered at Mysuru, Karnataka, it has total five manufacturing facilities spread in Mysuru, Hyderabad, Bengaluru and USA.

The company is a 52.12% subsidiary of Cyient Ltd (as on December 31, 2025), which had initially purchased controlling interest (74%) in CDLM from the erstwhile promoters, Mr. Pavan Ranga and his family in FY2015. Eventually, Cyient Ltd purchased the entire stake in CDLM. The latter was listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in July 2023 and Cyient's shareholding was diluted to the current levels.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	9MFY2026
Operating income (Rs. crore)	1,191.9	1,519.6	892.4
PAT (Rs. crore)	61.2	68.1	50.8
OPBDITA/OI (%)	9.3%	9.0%	9.4%
PAT/OI (%)	5.1%	4.5%	5.7%
Total outside liabilities/Tangible net worth (times)	0.8	0.8	-
Total debt/OPBDITA (times)	1.7	2.2	-
Interest coverage (times)	3.2	3.7	3.9

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; PAT: Profit after tax; OPBDITA: 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

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Fund-based – Others	Long-Term	50.00	Mar 16, 2026	[ICRA]AA- (Stable)	-	-	-	-	-	-	

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based – Others	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	Long-term – Fund-based – Others	NA	NA	NA	50.00	[ICRA]AA- (Stable)

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	CDLM's ownership	Consolidation approach
Cyient DLM Inc.	100%	Full Consolidation
Altek Electronic Inc. (step-down subsidiary)	100%	Full Consolidation

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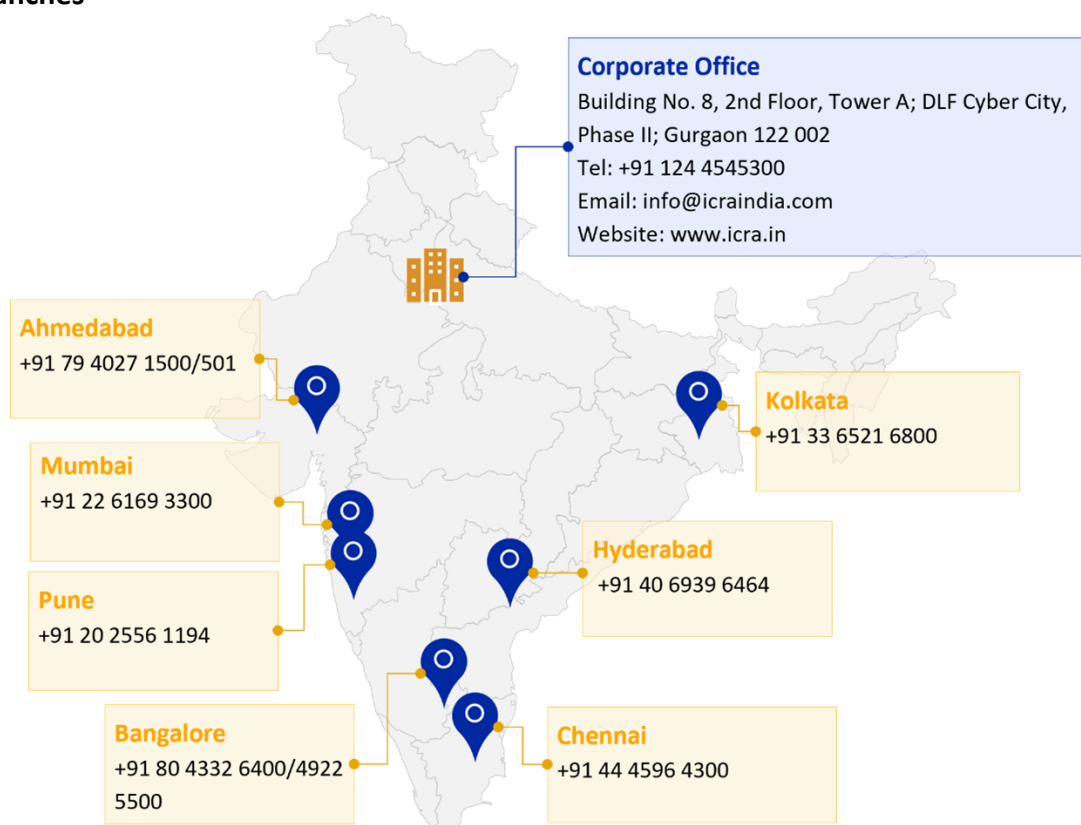
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