

HOLD
 TP: Rs 11,400 | ▲ 11%

DIXON TECHNOLOGIES

Consumer Durables

02 April 2026

Near-term headwinds; long-term thesis intact

- Sharp rise in DRAM/NAND prices has raised BOM costs by 10–15%, posing volume risk in price-sensitive segments
- Competitive pressure mounts, while backward integration offers some insulation; integration benefits remain back-ended
- Cut estimates, ascribe 45x Mar-28EPS to arrive at TP of Rs 11,400. Downgrade to HOLD

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Shipment volumes under pressure amid elevated DRAM/NAND prices and

West Asia conflict: DRAM/NAND prices for lower-bandwidth memory configurations across capacities have increased sharply, with several categories up ~2x since Aug-2025 (Ref: Fig 1 & 2). This has resulted in a 10–15% price hike in low-end smartphones (Ref: Fig 3) likely contributing to weaker shipments in the last quarter and remaining a near-term demand headwind. Industry reports now estimate India smartphone shipments at ~139mn units in CY26 vs ~150–152mn units earlier. We believe this poses near-term volume risk for Dixon, especially given its exposure to price-sensitive smartphone categories.

ODM-led expansion for EMS players raises competitive intensity: Indian EMS players have scaled up materially in mobile phones over the past few years through partnerships with global ODMs. While this has expanded the addressable market, it has also created a new set of scaled competitors for Dixon. Bhagwati Products, aided by its partnership with Huaqin, has added meaningful mobile assembly capacity. We believe that the competitive intensity in handset EMS has grown materially, which could constrain Dixon’s incremental market share gains going forward.

Q-tech and HKC kickstart backward integration; full benefits likely from FY28:

Dixon has initiated backward integration by localising key components such as display and camera modules, increasing its BOM capture from 10% to 35-40% (Ref: Fig 5&6). We believe this has potential to drive cost savings from supplier margins, while also leveraging duty arbitrage to onboard clients with simple captive assembly lines. However, with both HKC and Q-tech JVs expected to be operational in 2HFY27, we estimate the full benefit to flow through from FY28.

Asset turns and returns ratios remain key monitorables: As Dixon deepens BOM capture and scales component/sub-assembly lines across mobiles, IT hardware and automotive, asset turns are likely to moderate from current levels, reflecting a higher fixed-asset base and structurally different working-capital dynamics versus the core mobile assembly business.

Key changes

Target	Rating
▼	▼

Ticker/Price	DIXON IN/Rs 10,254
Market cap	US\$ 6.5bn
Free float	66%
3M ADV	US\$ 86.2mn
52wk high/low	Rs 18,471/Rs 9,600
Promoter/FPI/DII	34%/12%/24%

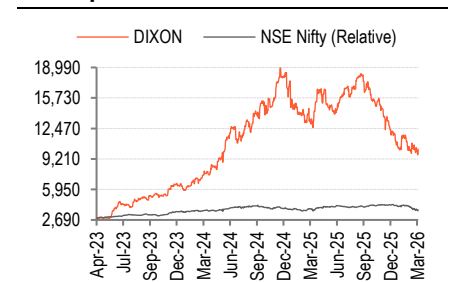
Source: NSE | Price as of 1 Apr 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	3,88,601	4,89,280	6,54,520
EBITDA (Rs mn)	15,076	17,679	23,133
Adj. net profit (Rs mn)	6,356	6,592	9,967
Adj. EPS (Rs)	106.7	110.7	167.4
Consensus EPS (Rs)	106.7	168.4	211.3
Adj. ROAE (%)	27.0	18.1	20.9
Adj. P/E (x)	96.1	92.6	61.3
EV/EBITDA (x)	40.5	34.5	26.4
Adj. EPS growth (%)	72.8	3.7	51.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

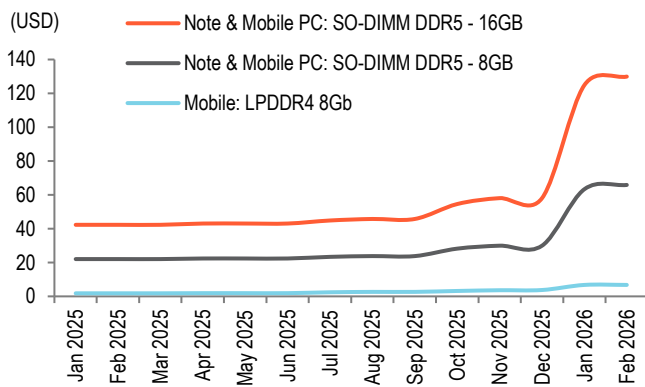


Revise estimates; downgrade HOLD: We revise our FY27–28 EPS estimates to factor in the elevated memory-price-led concerns, delays in the Vivo JV ramp-up and the increasing competitive intensity. While growth in IT hardware, telecom and components should partly offset weaker mobile volumes, we cut EPS more sharply than revenue/EBITDA to reflect higher non-controlling interest from JV-led structures, including Longcheer, Q-Tech and HKC. At CMP, the stock trades at 40x FY28E EPS. We assign a target multiple of 45x to Mar-28E EPS (c.1.25x PEG) to derive TP of Rs 11,400. Given the limited upside from current levels, we downgrade to HOLD.

Smartphones face memory-led cost headwinds

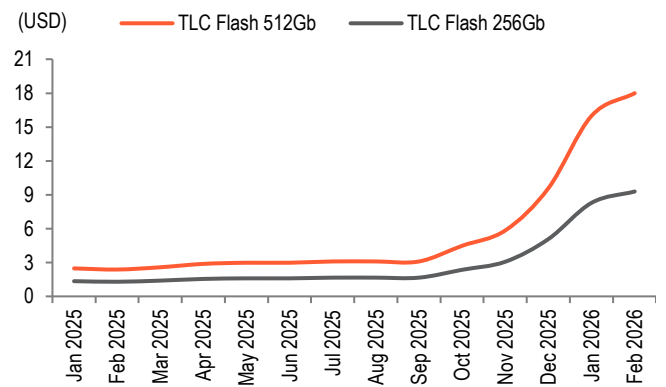
Sharp rise in memory prices drive 15% increase in BOM cost: As per industry estimates, the contract prices for mainstream memory configurations (8GB DRAM + 256GB NAND storage) nearly doubled during Jan–Mar 2026. This surge has increased memory’s share of the bill of materials (BOM) from approximately 12–13% to around 22%, resulting in an overall device cost increase of about 15%.

Fig 1 – DRAM prices



Source: Bloomberg, BOBCAPS Research

Fig 2 – Nand prices



Source: Bloomberg, BOBCAPS Research

Fig 3 – Illustrative BOM bridge for low-end smartphone suggests overall cost hike by 15%; BOM share rising to 22%

Component	Before (Rs)	% of BOM	Oct-Dec (Rs)	Change (%)	% of New BOM	Jan-Feb (Rs)	% of New BOM
Display module	1,000	20.6	1,000	0.0	18.5	1,000	17.9
SoC / Processor	830	17.1	850	2.4	15.7	850	15.2
Memory (DRAM+NAND)	620	12.8	1,050	69.4	19.4	1,240	22.2
Camera modules	500	10.3	520	4.0	9.6	520	9.3
Battery	250	5.1	260	4.0	4.8	260	4.7
PCB + RF components	420	8.6	440	4.8	8.1	440	7.9
Mechanical (body/frame)	350	7.2	360	2.9	6.7	360	6.4
Connectivity (WiFi/BT/GNSS)	200	4.1	210	5.0	3.9	210	3.8
Audio components	120	2.5	120	0.0	2.2	120	2.1
Charging + power IC	120	2.5	130	8.3	2.4	130	2.3
Assembly & testing	330	6.8	340	3.0	6.3	340	6.1
Packaging	120	2.5	120	0.0	2.2	120	2.1
TOTAL BOM COST	4,860	100.0	5,400	11.1	100.0	5,590	100.0

Source: Industry estimates, BOBCAPS Research

Retail prices for low end smartphones in March has increased by 30-40% over December prices.

Higher memory prices likely to weigh on shipments: Industry reports indicate that global smartphone shipments could decline 7% YoY in CY2026, with higher memory prices emerging as a key headwind. The pressure is likely to be sharper in entry-level smartphones, where consumers are more sensitive to price hikes. In India, smartphone shipments fell 7% YoY to 34.5mn units in Q4CY25 (Omdia) and expect similar trend in Q1CY26. Our channel checks indicate that the quarter was marked by inventory normalisation, as the channel prioritised liquidation of lower-cost inventory over fresh stocking at higher BOM-led prices.

Input costs largely pass through, though volume risk remains: BOM costs are largely pass-through for Dixon; hence, even a sharp increase in memory prices should have a limited direct impact on profitability. That said, elevated memory prices could create procurement challenges and weigh on volumes. Given Dixon’s exposure to the low-end smartphone segment, where demand is relatively price-sensitive, volume risk remains a key monitorable.

ODM-led expansion structurally raising competitive intensity

ODM-led tie-ups creating new, scaled challengers: Global ODM players such as Longcheer and Huaqin have partnered with Indian EMS companies to expand their manufacturing footprint in India. While these partnerships have supported scale-up across the domestic ecosystem, they have also created a new set of scaled competitors for Dixon in smartphone manufacturing. Over the past year, Bhagwati’s partnership with Huaqin has materially ramped up its manufacturing capacity to c.25mn units p.a. Likewise, Neolyncs’ and its tie-up with Karbonn Mobile brings additional ODM-led capability to the market, further raising competitive intensity.

Fig 4 – Global smartphone ODM shipment share (CY24)

Companies	Market Share (%)
Longcheer	25-35
Huaqin	25-30
Wingtech	15-20
Tinno	8-10
Mobiwire	5-10
Others	5-10

Source: Industry estimates, BOBCAPS Research

Fig 5 – Key ODM – EMS partnerships; total outsourcing capacity of 90-100mn units (excluding Apple products)

EMS players	Estimated smartphones capacity (annual)	ODM/ EMS Partnerships
Dixon Technologies	45mn units, expanding to 60mn units (FY26)	Longcheer, Compal (Google Pixel)
Bhagwati Products	25mn units	Huaqin
DBG Technology	5-10mn units	Longcheer, Huaqin
Others	5-10mn units	NA
Total outsourcing capacity	90-100mn units	

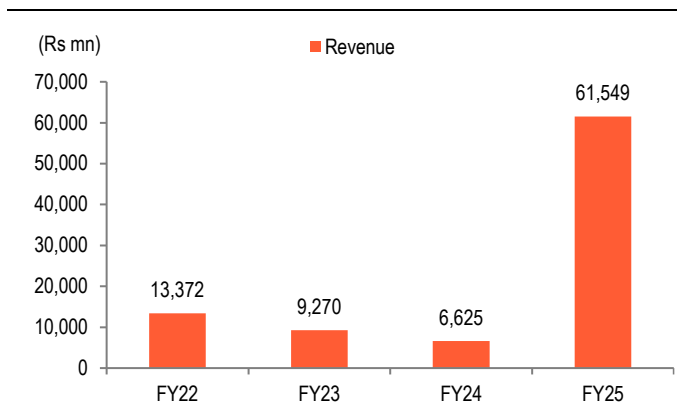
Source: Company, BOBCAPS Research

Fig 6 – Key developments and announcements by Bhagwati Products Ltd over last 2 years

Period	Announcement	Details	Source
Apr-24	Huaqin-Bhagwati JV talks reported	Huaqin in talks with Bhagwati Products to enter India, with due diligence underway	Link
Jun-24	Vivo Greater Noida plant acquired	Bhagwati acquired Vivo's Greater Noida mobile manufacturing plant for Rs 2.7bn, with a capacity of over 12mn units p.a.	Link
Aug-24	Govt approves Huaqin-Bhagwati JV	Huaqin Bhagwati JV approved	Link
Sep-24	Huaqin invests Rs 5.1bn for 49% stake	Huaqin's investment arm, HaiQin Telecom Hong Kong Ltd, received FDI approval to invest Rs 5.1bn for a 49% stake in Bhagwati.	Link
Apr-25	Scaled its revenue 10x in FY25	Bhagwati reported FY25 revenue of Rs 6,2bn (8x YoY), and announced Rs 5bn capex to reach 25mn units annually by FY26.	Link
Aug-25	Targets Rs 150bn revenue for FY26	Bhagwati set revenue target of Rs 150bn for FY26 and plans to expand into components (displays, mechanics) and hearables/wearables.	Link
Mar-26	Leases 430,000 sq. ft in Oppo's Noida plant	Bhagwati leased ~430,400 sq. ft in Oppo's Noida facility (Ecotech 7) for over 58 months.	Link

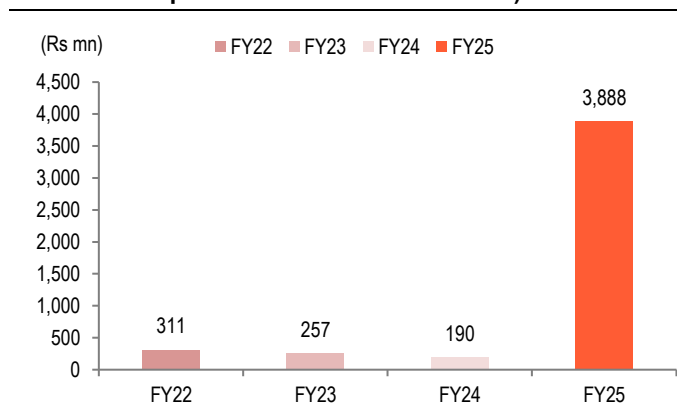
Source: Company, BOBCAPS Research

Fig 7 – Bhagwati revenue grew 8x post Huaqin JV



Source: Company, BOBCAPS Research

Fig 8 – Bhagwati's capex increased to ~Rs 4bn (vs cumulative spend of <Rs 1bn over FY22-24)



Source: Company, BOBCAPS Research

Volume outsourcing to rise with Oppo/ Vivo going hybrid: Domestically, India consumes ~150mn smartphones annually, with Android forming the bulk of market. We estimate outsourced smartphone (excluding Apple products) volumes at ~80-90mn units currently, with the scope to rise towards ~100–110mn over time, as outsourcing intensity increases as Oppo and Vivo take a hybrid approach. Brands such as Samsung (~120mn units), vivo (~60mn units) and Oppo have captive manufacturing capacity, Oppo's effective in-house base has likely reduced after subleasing part of its Noida facility to Bhagwati.

Fig 9 – Installed final assembly manufacturing in India is ~400mn units a year vs total production ~230-250mn units

Manufacturing capacities (mn units)	CY25	CY26E	CY27E	Comments
Outsourcing	150-160	165-175	165-175	
Dixon (including Ismartu)	45	60	60	Capacity to further increase with commencement of Vivo JV production
Bhagwati	25	25	25	Total expandable capacity of 40mn units a year
Others (includes Tata + FIH)	80-90	80-90	80-90	Others include Tata + FIH, which assembles 55mn units; the remaining being DBG, UTL, Flex, Opteimus
Brands with captive manufacturing	230	230	230	
Vivo	60	60	60	
Oppo	50	50	50	Oppo has leased out half of its capacity to Bhagwati
Samsung	120	120	120	
Total installed capacity	380-390	395-405	395-405	

Source: Industry estimates, BOBCAPS Research

Fig 10 – Total mobile phones sales volume (domestic + exports) ~230mn units

Estimates smartphone volumes	mn units
Domestic consumption	150-160
Exports	60-70
Total sales volume	210-230
Captive sales volume	80-100
Vivo	20-25
Oppo	20-25
Samsung (domestic + exports)	40-45
Outsourced volume	130-140
Apple (domestic + exports)	50-55
Android outsourced volume	~80-90

Source: Industry estimates, BOBCAPS Research

Sunset of PLI scheme is likely to create a more level-playing field for EMS

players: Smartphone PLI scheme supported Dixon's mobile scale-up. With ~50–60bps retained in the company margins, much of the benefit was passed on to customers, strengthening Dixon's pricing competitiveness. We believe with the completion of the scheme price competitiveness will narrow between Dixon and others. However, Dixon's backward integration and incentives from ECMS is likely to offset the impact of PLI.

Backward integration to drive margin expansion

Dixon's major backward integration journey begins with Q-tech and HKC: Dixon's backward integration journey meaningfully begins with Q Tech and HKC — marking its shift from a low-value assembler to a more integrated electronics manufacturer. By localising camera and display modules, Dixon can raise BOM capture, reduce import dependence and improve execution control, while also enhancing relevance to customers. Although margin benefits are likely to build over time rather than flow through immediately, we believe that moving into backward integration at the current scale — amid rising competitive intensity — is a step in the right direction.

Before taking its backward integration journey, Dixon was planning for forward integration into ODM

Dixon's Phase 1 capacity is ~24mn display modules for smartphones, 2mn for notebooks and automobiles. Plans to expand capacity to 55mn units. Total capex outlay for phase 1 is estimated to be around Rs 11-12bn for display and Rs 2.5-3bn for camera modules.

Fig 11 – Illustrative Dixon's BoM share of ~10-15%

BOM Component	% Share in BoM
Display Module	15-20
SoC / Processor (Chipset)	15-17
Memory (DRAM + NAND Flash)	17-20
Camera Module(s)	10
Battery	8
PCB / Motherboard & Connectors	7
Mechanicals & Housing	5
RF & Connectivity	4
Assembly, Testing & Packaging	5
Other (sensors, audio, misc)	4
TOTAL	100

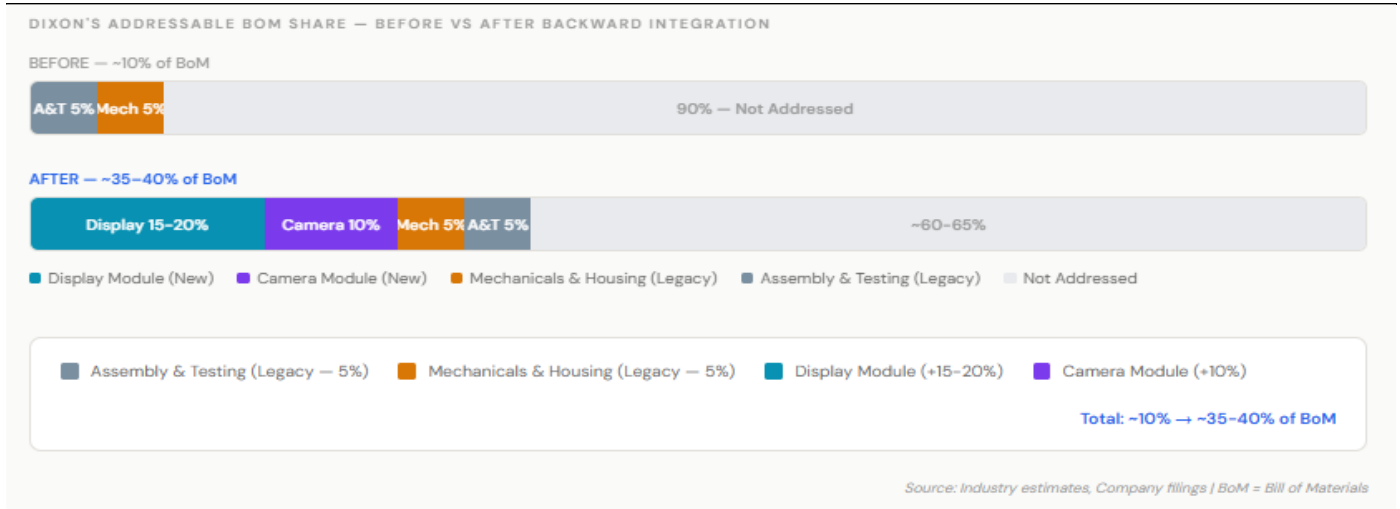
Source: Industry estimates/ reports, BOBCAPS Research

Fig 12 – Illustrative Dixon's BoM share increasing 35-40%

BOM Component	% Share in BoM
Display Module	15-20
SoC / Processor (Chipset)	15-17
Memory (DRAM + NAND Flash)	17-20
Camera Module(s)	10
Battery	8
PCB / Motherboard & Connectors	7
Mechanicals & Housing	5
RF & Connectivity	4
Assembly, Testing & Packaging	5
Other (sensors, audio, misc)	4
TOTAL	100

Source: Industry estimates/ reports, BOBCAPS Research

Fig 13 – Displays, camera modules, along with mechanical enclosures, to take value addition to 35-40%



Source: BOBCAPS Research

Duty arbitrage to drive customer stickiness and additions: Duty arbitrage may be more relevant as a customer-winning lever than a margin lever. Since higher import duties are typically passed through, direct benefit to Dixon’s margins may be limited. However, localisation improves its relative cost competitiveness vs imported modules for captive manufacturing units (Vivo/Oppo mainly; as Samsung has also applied for Display modules). This could make Dixon an attractive manufacturing partner for captive players that remain under-integrated into key components, thereby supporting customer additions.

Fig 14 – BCD at 10% for components, nil for sub-components

Component / category	Current BCD (%)
Display assembly (integrated / complete)	10
Camera module (integrated / complete)	10
PCBA of cellular mobile phone	15
Charger / adapter of cellular mobile phone	15
Mechanics / die-cut parts / other parts of mobile phone	10
Sub-parts of camera module	Nil
Camera lens for use in manufacture of camera module	Nil
Sub-parts for manufacture of camera lens	Nil
Inputs for manufacture of display assembly	Nil
Inputs for manufacturing of mechanics and die-cut goods	Nil
Sub-parts of connectors	Nil
Sub-parts of PCBA	Nil

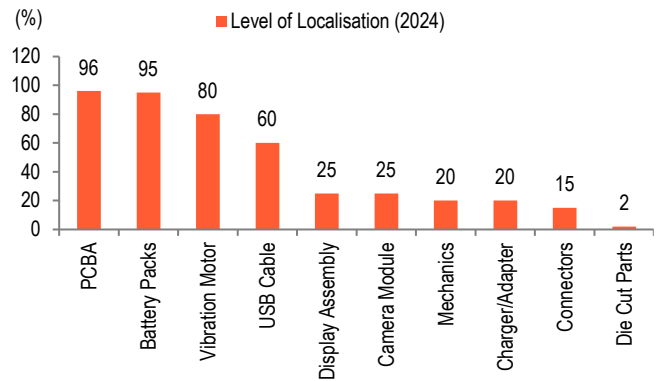
Source: Industry reports, BOBCAPS Research

Fig 15 – Components-wise domestic value addition

Component	DVA in Base Year (%)	2024 (%)
PCBA	9 (2018)	96
Battery Packs	7 (2016)	95
Vibration Motors	0 (2019)	80
USB Cables	7 (2017)	60
Display Assembly	1 (2019)	25
Camera Module	2 (2018)	25
Mechanics	2 (2017)	20
Charger/Adapter	9 (2016)	20
Connectors	1 (2018)	15
Die cut Parts	0 (2017)	2

Source: ICEA, BOBCAPS Research

Fig 16 – Levels of localisation in components



Source: ICEA, BOBCAPS Research

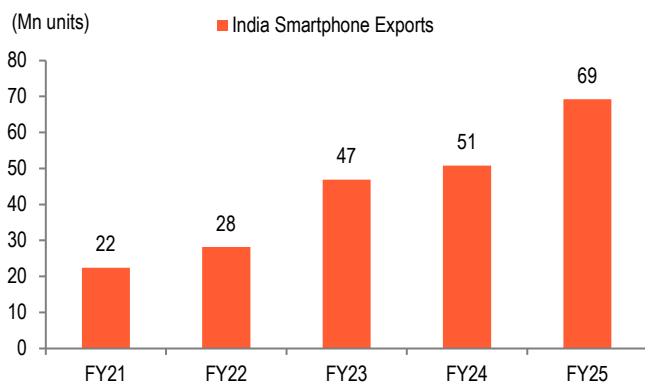
As PLI incentive fades, Dixon’s margin improvement trajectory appears back-ended, with meaningful gains likely only from FY28: We believe Dixon

Technologies’s backward integration into camera and display modules should support margin normalisation by partially capturing supplier margins and reducing landed-cost overheads. As both the HKC and Q Tech ventures are expected to commence operations in H2FY27, with a fuller ramp-up in FY28, benefits are likely to be back-ended. With FY27 also marking completion of the mobile PLI scheme, we estimate that mobile business margin — currently ~3.5%, including ~50–60bps of PLI income — to normalise to ~2.9–3.0% in FY27 before integration benefits, with a further 50–70bps improvement likely to accrue largely in FY28.

Samsung has also announced to put a display module manufacturing unit under the ECMS scheme

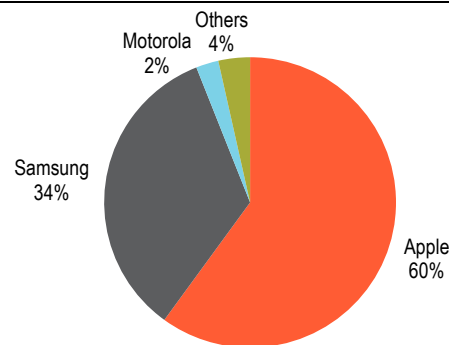
EMS players’ (ex-of Apple CMs) exports share stands low on low value addition; ECMS may support bringing export competitiveness: EMS players’ (excluding Apple partners) export share remains relatively low, reflecting limited domestic value addition and continued reliance on imported components. In this context, ECMS could play an important role in improving export competitiveness by incentivising local component manufacturing. It may also deepen backward integration and increase India’s value addition within the electronics supply chain. Over time, this could help Indian EMS players compete more effectively in export markets.

Fig 17 – India smartphones exports reached ~70mn units



Source: Industry estimates, BOBCAPS Research

Fig 18 – Apple’s CMs dominate exports, with Samsung following; Android EMS remains small



Source: Industry estimates, BOBCAPS Research

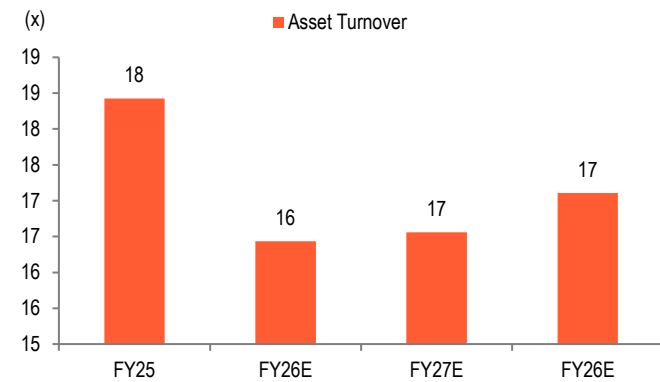
Asset turn and return ratios key monitorables

Transitioning from pure assembly to integrated manufacturing, with assets turns likely to moderate: Asset turns are likely to moderate partly for optical reasons, as capex towards backward integration increases the fixed-asset base, while the resulting component output is largely used for captive consumption and therefore does not translate into proportional incremental consolidated revenue. The moderation would also reflect a structural shift in the business mix, as part of the new capacity is intended for automotive and IT hardware, which do not operate with the same working-capital profile as mobile phones.

Dixon intends to go for display fabs, which is a significantly lower asset turn biz vs core EMS biz. However, under ISM 2.0 (scheme details yet to be announced), capital subsidy can improve project returns

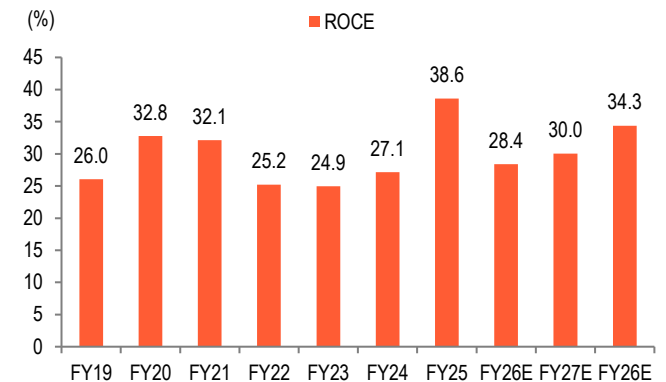
Return ratios are likely to soften as incentive support fades in the interim and components business scales up: We believe that with margins likely to contract in FY27 and a meaningful part of the capex for display and camera modules already largely incurred, return ratios are expected to remain subdued in the near term. The pressure is likely to stem from a higher capital base, alongside a gradual ramp-up in utilisation and profitability from the integration of component business. We expect return ratios to improve meaningfully only from FY28, as margin improvement trajectory resumes and benefits of backward integration begin to flow through fully.

Fig 19 – Asset turnover to moderate on increasing capital intensity in FY26E-27E



Source: Company, BOBCAPS Research

Fig 20 – We estimate ROCE to come down in FY26-28E



Source: Company, BOBCAPS Research

JV-led expansion makes profit attribution increasingly relevant: Dixon’s business structure is becoming more partnership-led, with several new growth vectors being pursued through JVs and majority-owned platforms. As a result, reported growth and earnings attributable to Dixon shareholders may increasingly diverge, making minority interest and share of profit from equity-accounted JVs more relevant monitorables going forward.

Fig 21 – New businesses being built through partner-led structures

Entity	Ownership (%)	Accounting treatment	Segment
Dixon Electro Appliance (Beetel JV)	51	Consolidated	Telecom / JV with Beetel (Bharti Airtel co)
Kushan Q Tech Microelectronics (Q-tech)	51	Consolidated	Camera modules / Mobile phone EMS
Ismartu India Pvt Ltd (Transsion)	50	Consolidated	Mobile phones EMS
Dixon Display Technologies Pvt Ltd (HKC JV)	74	Consolidated	Display modules / Mobile phone EMS
Califonix Tech and Manufacturing Private Limited (Boat)	50	Consolidated	Hearables and Wearables
Dixon IT Devices Pvt Ltd (Inventec JV)	60	Consolidated	IT Hardware
Dixtel Infocom Pvt Ltd (Longcheer JV)	76	Consolidated	Mobile phones EMS
Rexxam Dixon Electronics	40	Equity accounting	JV with Daikin for AC PCBA
Lightanium Technologies	50	Equity accounting	Lighting / JV with Signify (Phillips)

Source: Company, BOBCAPS Research

Fig 22 – From consolidated profit to earnings attributable to Dixon

Item	FY27E	FY28E
Consolidated PBT	18,057	27,067
Consolidated PAT before minority interest	13,507	20,246
Less: Minority interest (non-controlling interest)	(3,976)	(5,637)
Add: Share of profit from equity-accounted JVs	437	538
PAT attributable to Dixon	9,967	15,147
NCI + JV profit share as % of PBT	24	23

Source: BOBCAPS Research

Valuation Methodology

We revise our FY27-28 EPS estimates to factor in the elevated memory-price-led concerns, rising competitive intensity and delays in the Vivo JV ramp-up. While growth in IT hardware, telecom and components partly offset the weaker mobile volumes, we cut EPS more sharply than revenue/EBITDA to reflect higher non-controlling interest from JV-led structures, including Longcheer, Q-Tech and HKC in FY27E-FY28E.

We estimate Dixon to deliver revenue/ EBITDA/ PAT CAGR of 28%/31%/34% over FY25-28E, led by the mobile phone EMS business revenue growing at 32% CAGR. Within the business, we estimate the mobile segment revenue to grow at 27% CAGR, led by 24% volume growth and 5% ASP growth; while feature phone revenue is declining. Non-mobile phone segments such as IT hardware, Telecom, and components business (external sales) will likely growth at 55% CAGR on a lower base.

We work out smartphone mobile volumes (excluding Samsung) for Dixon in FY26 to ~34mn units, to grow to 45mn units, factoring in flat YoY growth in the existing business and additional volumes from Vivo JV from Q2FY27 (assuming another quarter of delay) FY27E. Our EBITDA estimates factors in the incentives fading away in FY27 with 0.5% of margin compression. Backward integration of components business to fully flow through in FY28.

At CMP, the stock trades at 40x our FY28 EPS estimates. We assign a target multiple of 45x to Mar-28E EPS (1.25x PEG), arriving at a target price of Rs 11,400. Given the limited upside, we downgrade to HOLD rating.

Fig 23 – DIXON 1YF PE trading at 49x below long-term mean/ median of 55x/57x



Source: Company, BOBCAPS Research

Fig 24 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,89,280	6,54,520	8,06,570	4,88,562	6,39,128	8,11,202	0	2	(1)
EBITDA	17,679	23,133	33,336	19,166	24,345	33,338	(8)	(5)	0
EBITDA margin (%)	3.6	3.5	4.1	3.9	3.8	4.1	(31bps)	(27bps)	2bps
Reported PAT	12,862	9,967	15,147	13,683	12,632	18,761	(6)	(21)	(19)
Adj PAT	6,592	9,967	15,147	7,015	12,632	18,761	(6)	(21)	(19)

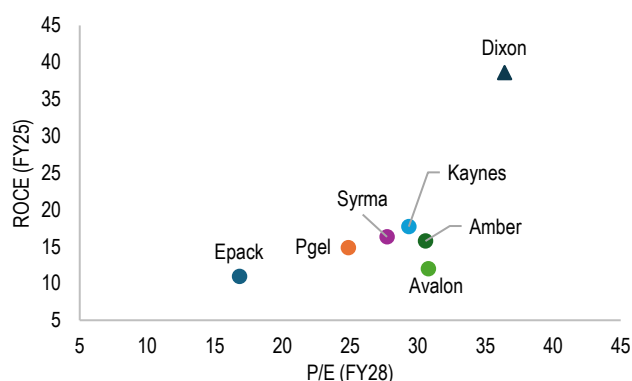
Source: Company, BOBCAPS Research

Fig 25 – Bloomberg Valuation Table; majority EMS peers trading (bbg consensus) at 30-35x (FY28 PE) range

Companies	Revenue	EBITDA	PAT	P/E				EV/EBITDA				P/E-G
	FY25-28E	FY25-28E	FY25-28E	FY25	FY26	FY27	FY28	FY25	FY26	FY27	FY28	FY25-28E
VOLTAS	10	11	13	47	70	40	32	36	51	32	26	2.4
BLSTR	13	16	16	52	54	41	33	34	34	27	22	2.0
HAVL	12	16	16	49	47	38	32	33	31	25	21	2.0
CROMPTON	10	9	11	26	29	23	19	16	18	15	13	1.8
POLYCAB	21	22	22	50	37	32	27	35	26	22	19	1.2
KEII	20	23	22	53	42	36	29	37	30	24	20	1.3
RRKABEL	18	31	31	47	30	24	20	31	20	16	14	0.6
VGRD	11	13	16	44	43	34	28	27	27	22	18	1.8
ORIENTEL	10	18	29	40	35	25	19	17	15	12	10	0.7
EPACK	21	25	29	36	58	26	17	17	18	12	9	0.6
PGEL	23	20	23	43	46	32	25	27	27	20	16	1.1
AMBER	24	29	43	87	71	41	31	31	26	19	15	0.7
KAYNES	43	46	37	75	52	39	29	55	36	25	18	0.8
SYRMA	30	39	45	80	48	36	28	45	29	22	17	0.6
AVALON	31	39	46	97	59	41	31	54	37	26	20	0.7
DIXON	29	32	41	87	61	48	36	42	33	24	18	0.9

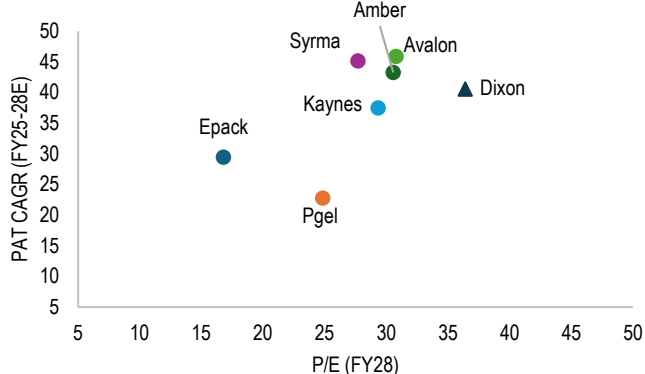
Source: Bloomberg, BOBCAPS Research

Fig 26 – ROCE (FY25) vs P/E (FY28)



Source: Company, BOBCAPS Research

Fig 27 – PAT CAGR (FY25–28E) vs P/E (FY28)



Source: Company, BOBCAPS Research

Fig 28 – Bobcaps Valuation Table

Companies	Rating	Mar-27 TP	FY25-28E CAGR (%)			P/E				EV/EBITDA			
			Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
VOLTAS	HOLD	1,560	8.0	10.3	10.9	49	76	44	36	37	52	33	28
BLSTR	HOLD	2,050	12.1	12.9	12.4	52	52	44	36	34	32	28	24
HAVL	BUY	1,680	10.0	14.1	12.7	50	54	39	35	33	34	25	22
CROMPTON	BUY	330	9.8	5.3	8.4	27	30	25	21	16	19	16	14
POLYCAB	HOLD	9,100	16.4	16.7	15.4	51	42	38	33	35	28	25	22
KEII	HOLD	4,520	17.9	18.4	15.7	57	45	43	37	36	29	26	22
VGRD	BUY	420	10.9	13.8	13.2	44	42	34	30	27	25	20	18
ORIENTEL	BUY	240	8.7	14.3	26.4	41	35	26	20	17	16	13	11
EPACK	BUY	320	19.6	29.8	40.1	38	103	29	14	15	16	10	7
PGEL	HOLD	610	18.8	20.0	18.5	47	48	39	28	27	25	20	15
AMBER	BUY	9,060	26.7	31.5	48.3	91	75	42	29	31	25	18	13
SYRMA	HOLD	820	33.4	37.7	42.4	83	50	42	31	45	29	24	17
DIXON	HOLD	11,400	27.6	30.3	11.4	96	93	61	40	41	35	27	19

Source: Company, BOBCAPS Research

Key Risks

Key upside/downside risks to our estimates:

- Extension of PLI i.e. PLI 2.0 in smartphones is a key upside risk.
- Any further delay in Vivo JV is a major downside for the stock (12mn / 15mn volumes from Vivo JV in FY27/FY28).
- Further hardening of memory prices can slow down the mobile phone shipments for low-end smartphones.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	3,88,601	4,89,280	6,54,520	8,06,570	9,16,436
EBITDA	15,076	17,679	23,133	33,336	38,236
Depreciation	2,810	3,881	4,168	5,544	6,658
EBIT	12,266	13,798	18,965	27,791	31,578
Net interest inc./(exp.)	(1,544)	(1,614)	(1,658)	(1,724)	(1,812)
Other inc./(exp.)	202	(6,061)	750	1,000	1,250
Exceptional items	0	6,263	0	0	0
EBT	10,924	18,245	18,057	27,067	31,016
Income taxes	3,372	3,926	4,550	6,821	7,816
Extraordinary items	(4,600)	(6,270)	0	0	0
Min. int./Inc. from assoc.	174	298	437	538	553
Reported net profit	10,955	12,862	9,967	15,147	17,247
Adjustments	(4,600)	(6,270)	0	0	0
Adjusted net profit	6,356	6,592	9,967	15,147	17,247

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	1,08,837	1,36,730	1,79,320	2,09,929	2,38,524
Other current liabilities	15,395	19,384	25,105	30,937	35,151
Provisions	0	0	0	0	0
Debt funds	6,710	6,210	7,210	8,210	6,710
Other liabilities	6,626	8,791	12,767	18,405	24,911
Equity capital	121	121	121	121	121
Reserves & surplus	29,982	42,725	52,573	67,601	84,729
Shareholders' fund	30,102	42,845	52,694	67,721	84,850
Total liab. and equities	1,67,669	2,13,960	2,77,096	3,35,202	3,90,145
Cash and cash eq.	2,635	2,097	1,235	1,896	1,824
Accounts receivables	69,655	88,473	1,18,352	1,48,055	1,73,244
Inventories	39,924	53,620	73,521	90,601	1,12,985
Other current assets	18,730	17,426	23,312	26,517	27,619
Investments	0	0	0	0	0
Net fixed assets	21,091	29,771	39,603	47,559	53,901
CWIP	2,561	3,000	1,500	1,000	1,000
Intangible assets	6,655	6,655	6,655	6,655	6,655
Deferred tax assets, net	0	0	0	0	0
Other assets	6,418	12,918	12,918	12,918	12,918
Total assets	1,67,669	2,13,960	2,77,096	3,35,202	3,90,145

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	11,498	10,943	6,781	7,143	8,041
Capital expenditures	(8,956)	(13,000)	(12,500)	(13,000)	(13,000)
Change in investments	(3,210)	0	0	0	0
Other investing cash flows	(123)	(28)	0	0	0
Cash flow from investing	(12,289)	(13,028)	(12,500)	(13,000)	(13,000)
Equities issued/Others	1,399	0	0	0	0
Debt raised/repaid	583	(500)	1,000	1,000	(1,500)
Interest expenses	0	0	0	0	0
Dividends paid	(2,248)	2,046	3,857	5,518	6,387
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(266)	1,546	4,857	6,518	4,887
Chg in cash & cash eq.	(1,057)	(538)	(862)	661	(73)
Closing cash & cash eq.	2,635	2,097	1,235	1,896	1,824

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	184.0	216.0	167.4	254.4	289.6
Adjusted EPS	106.7	110.7	167.4	254.4	289.6
Dividend per share	8.0	2.0	2.0	2.0	2.0
Book value per share	505.5	719.5	884.9	1,137.2	1,424.8

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	1.6	1.2	0.9	0.8	0.7
EV/EBITDA	40.5	34.5	26.4	18.3	16.0
Adjusted P/E	96.1	92.6	61.3	40.3	35.4
P/BV	20.3	14.3	11.6	9.0	7.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	58.2	53.2	55.2	56.0	55.6
Interest burden (PBT/EBIT)	89.1	89.8	95.2	97.4	98.2
EBIT margin (EBIT/Revenue)	3.2	2.8	2.9	3.4	3.4
Asset turnover (Rev./Avg TA)	18.4	16.4	16.5	17.0	17.0
Leverage (Avg TA/Avg Equity)	0.9	0.8	0.8	0.8	0.7
Adjusted ROAE	27.0	18.1	20.9	25.2	22.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	119.7	25.9	33.8	23.2	13.6
EBITDA	116.1	17.3	30.8	44.1	14.7
Adjusted EPS	72.8	3.7	51.2	52.0	13.9
Profitability & Return ratios (%)					
EBITDA margin	3.9	3.6	3.5	4.1	4.2
EBIT margin	3.2	2.8	2.9	3.4	3.4
Adjusted profit margin	1.6	1.3	1.5	1.9	1.9
Adjusted ROAE	27.0	18.1	20.9	25.2	22.6
ROCE	23.4	3.9	17.7	20.2	18.0
Working capital days (days)					
Receivables	65	66	66	67	69
Inventory	37	40	41	41	45
Payables	102	102	100	95	95
Ratios (x)					
Gross asset turnover	15.6	14.0	13.6	13.0	12.2
Current ratio	1.0	1.0	1.0	1.1	1.1
Net interest coverage ratio	7.9	8.5	11.4	16.1	17.4
Adjusted debt/equity	0.2	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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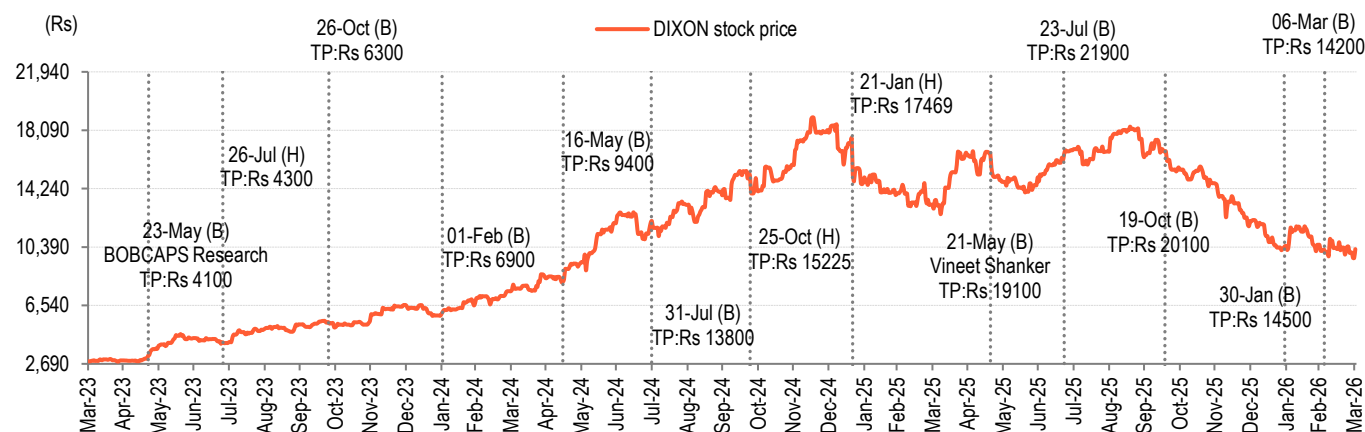
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BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): DIXON TECHNOLOGIES (DIXON IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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