

**BUY****TP: Rs 21,900 | ▲ 36%****DIXON TECHNOLOGIES**

Consumer Durables

23 July 2025

## Strong execution; growth triggers ahead

- **Growth momentum sustains in Q1 as revenue grew 95% YoY /25% QoQ. Mobile division revenue grew 125% YoY/28% QoQ**
- **Forms multiple JVs to enhance capabilities; confident of offsetting absence of mobile PLI in FY27 through backward integration benefits**
- **Ascribe 70x to June 27E EPS to arrive at June'26 TP of Rs 21,900; Maintain BUY**

**Vineet Shanker**

research@bobcaps.in

**Performance beat on all fronts:** DIXON Q1 performance beat on all fronts. Revenue/EBITDA were 21%/23% ahead of our estimates. Revenue grew 95% YoY/25% QoQ, led by a strong 121% YoY growth in the Mobile & EMS division. The non mobile division saw a revenue decline of 15% YoY/25 QoQ. EBITDA margin was flat YoY (-50bps QoQ) to 3.8% (in line with estimates), absolute EBITDA grew 95% YoY/9% QoQ.

**Mobile Phones & EMS sustains YoY growth trajectory:** Mobile and EMS segment delivered 95% YoY/25% QoQ revenue growth. Growth was led by client additions, strong hearables/wearables revenue (Rs 1.8bn vs Rs 720mn YoY), and a sharp rise in telecom revenue to Rs 14.1bn (vs Rs 4.2bn YoY). Ismartu contributed Rs 20bn (vs Rs 11bn QoQ). Segment EBIT margin expanded 10bps YoY to 3.4% (-40bps QoQ). Q1FY25 mobile volumes stood at ~9.5mn units. Management maintains a guidance for Rs 40–43mn in FY26 and 60–65mn in FY27, aided by anchor clients and the Vivo JV starting Q4FY26.

**CE and appliances continued to decline; hopeful for a recovery:** Consumer Electronics (CE) segment reported a revenue decline of 21% YoY (-2% QoQ). We believe the decline was largely on account of market share (MS) loss in the LED TV segment and sustained structural challenges in the industry (demand deceleration globally). DIXON is working on various fronts to fix the market share loss such as an expanding product portfolio, backwardly integrating to offer better pricing and looking for large strategic relationships. Lighting products revenue declined 17% YoY to Rs 1.9bn, as the segment continues to witness pricing pressure. The company is optimistic on its 50:50JV with Signify and has received an export order from a large US retailer for strips and rope lights.

**Revise estimates, maintain BUY:** We raise our FY26/27E EPS by 8%/5% on sustained mobile growth and upcoming backward integration. Introduce FY28, roll forward to June-27 EPS; maintain 70x multiple to arrive at TP of Rs 21,900. Maintain BUY.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	DIXON IN/Rs 16,112
Market cap	US\$ 11.1bn
Free float	66%
3M ADV	US\$ 83.8mn
52wk high/low	Rs 19,149/Rs 10,620
Promoter/FPI/DII	34%/12%/24%

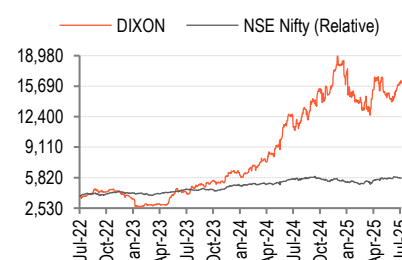
Source: NSE | Price as of 22 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	3,88,601	5,39,363	7,59,770
EBITDA (Rs mn)	15,076	20,679	31,353
Adj. net profit (Rs mn)	6,356	10,270	17,171
Adj. EPS (Rs)	106.7	172.5	288.4
Consensus EPS (Rs)	135.0	195.0	256.0
Adj. ROAE (%)	27.0	29.2	35.2
Adj. P/E (x)	151.0	93.4	55.9
EV/EBITDA (x)	63.6	46.4	30.6
Adj. EPS growth (%)	72.8	61.6	67.2

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Dixon Q1FY26 performance snapshot**

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Var (%)
Revenue	1,28,357	65,798	95	1,02,925	25	1,05,722	21.4
EBITDA	4,824	2,479	95	4,428	9	3,911	23.3
EBITDA Margin (%)	3.8	3.8	0bps	4.3	(50bps)	3.7	6bps
Depreciation	927	545		859		696	33.2
Interest	326	293		463		306	6.7
Other Income	17	82		113		52	(67.7)
PBT	3,588	1,723	108	3,219	11	2,962	21.1
Tax	855	400		1,111		745	14.7
Adjusted PAT	2,250	1,337	68	1,504	50	2,216	1.5
Exceptional item	-	-		(2,504)		0	
Reported PAT	2,250	1,337	68	4,008	(44)	2,216	1.5
Adj. PAT Margin (%)	1.8	2.0	(30bps)	1.5	30bps	2	(34bps)
EPS (Rs)	45.9	22.2	107	35.4	30	37	23.3

Source: Company, BOBCAPS Research

**Fig 2 – Segment performance snapshot**

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
<b>Segment revenue</b>					
Consumer electronics & appliances	6,720	8,550	(21)	6890	(2)
Lighting products	1,880	2,270	(17)	2000	(6)
Home appliances	3,130	3,050	3	3020	4
Mobile & EMS	1,16,630	51,920	125	91020	28
<b>EBIT</b>					
Consumer electronics & appliances	400	290	38	420	(5)
EBIT Margin (%)	6.0	3.4	256bps	6.1	(14bps)
Lighting products	110	150	(27)	150	(27)
EBIT Margin (%)	5.9	6.6	(76bps)	7.5	(165bps)
Home appliances	360	320	13	370	(3)
EBIT Margin (%)	11.5	10.5	101bps	12.3	(75bps)
Mobile & EMS	3950	1710	131	3490	13
EBIT Margin (%)	3.4	3.3	9bps	3.8	(45bps)

Source: Company, BOBCAPS Research

## Earnings Call Highlights

### Mobile & EMS

- Management reported smartphone volumes of 9.66mn units and featured phone volumes of 5.73mn units in Q1FY26. A 15% QoQ growth is expected in Q2FY26, supported by a strong order book ahead of the festive season.
- Management reiterated export revenues to rise sharply—from Rs 16 bn in FY25 to Rs 70 bn in FY26, and further to Rs 110 bn in FY27 driven by deeper OEM partnerships and enhanced execution capabilities across global markets.
- The company highlighted that its 1.8mn sq.ft mobile manufacturing campus in Noida is progressing as planned and is expected to be completed by March 2026. It will cater to anchor customers with much higher capacity requirements.
- Dixon indicated progress on its JVs with Longcheer (74:26) and Vivo (51:49), both of which are at different stages of regulatory approval. Longcheer JV has submitted its PN3 application, while the Vivo JV is in an advanced documentation phase. Management expects the Vivo JV to contribute ~20-25mn smartphones annually by FY27, with both partnerships supporting Dixon's broader target of scaling up to 60-65mn smartphone volumes over the medium term.
- The company has signed a binding term sheet to acquire a 51% stake in Q Tech India, a top five global camera module player with an India facility and strong OEM ties (Vivo, Oppo, Xiaomi, Motorola). Rs 10bn deal (Rs 4 bn for stake purchase, Rs 1.5 bn for expansion) is expected to consolidate from Q3FY26 onwards.
- Management is targeting to scale the camera modules business from its current revenue base of Rs 20bn (with 6.5-7.5% EBITDA margins) to Rs 50 bn over the next 4–5 years, supported by a strong in-house demand of 80–90 mn modules annually and incremental third-party OEM volumes.
- Management indicated that the 74:26 JV with HKC is progressing in tandem with its backward integration roadmap. The under-construction Noida facility will have an initial monthly capacity of 2mn mobile and 1.8mn laptop displays, scalable to 4mn mobile units, with future scope for automotive applications. Trial production is scheduled for Q4FY26, followed by mass production in Q1FY27.
- The project remains under PN3 approval review; however, construction and execution are progressing independently of regulatory timelines. Total capex is estimated at \$130mn (~Rs 11 bn). Pilot orders from smartphone OEMs are already under development, providing early visibility on customer readiness and volume ramp-up potential.
- A 74:26 JV with Chongqing UI is being set up to manufacture mechanical enclosures and precision parts particularly for IT hardware. Management indicated the JV will serve as a key supplier to the Dixon–Inventec JV (for laptops/servers) and likely extend to other verticals like mobile (Vivo JV, Longcheer JV), lighting (Signify JV), and wearables.
- Management reaffirmed its strategy to mitigate the PLI phase-out impact through scale-driven operating leverage, in-house component manufacturing, and JV

synergies. Dixon expects these steps to enable margin expansion even after PLI incentives taper off.

#### **IT & Hardware**

- Revenue stood at Rs 2.47 bn for IT hardware and Rs 1.75 bn for wearables, with mass production for HP and Asus ongoing at the Chennai facility. Lenovo orders are ramping up, reaching ~30,000 units/month, indicating strong scale momentum.
- JV with Inventec is progressing well and is expected to commence by Q1FY27, focusing on laptops, desktops, and servers. Wearables portfolio has been strengthened with additions like smartwatches and dashcams, supported by a healthy order book and strong RoCE metrics.

#### **Telecom & Hardware**

- Dixon reported a sharp YoY revenue surge to Rs. 14.1 bn, driven by strong traction in 5G FWA devices amid rising broadband demand. The company is also seeing positive momentum in IPTV set-top boxes, with the second model launch slated for Q2FY26.
- Executives shared that Dixon is expanding its telecom portfolio beyond CPE into high-value products like Radio Access Networks and Ethernet switches, while advancing backward integration through localised moldings and adapters. A new JV for critical telecom components is also under discussion.

### **Consumer Electronics & Appliances**

#### **Refrigerator**

- Revenue from refrigerators rose to Rs. 3.3 bn, nearly 3x YoY, led by strong ramp-up across OEM and ODM models. Management also reported capturing ~10% OEM share in the direct cool segment within its first year, reflecting strong early traction.
- The company is now expanding into higher-value segments like frost-free, side-by-side, and mini-refrigerators, with the capacity ramp-up to 2.0 mn units on track and ~50% YoY growth targeted in FY26.

#### **LED**

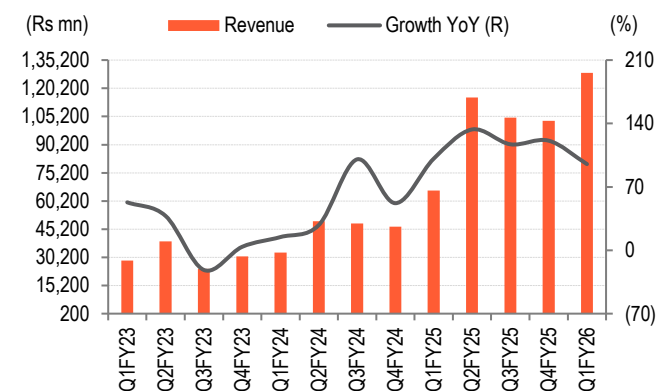
- TV volumes declined to ~0.8 mn units in Q1FY26, impacted by weak end-demand and broader industry headwinds. However, ODM contribution remained strong at 72%, supported by anchor customers.
- The company is broadening its product mix with interactive displays, 65–100" signage, and Fire TV-enabled models, while also investing in CKD assembly, robotics, and advanced display technologies to tap into B2B, institutional, and export-driven demand.

## Home Appliances

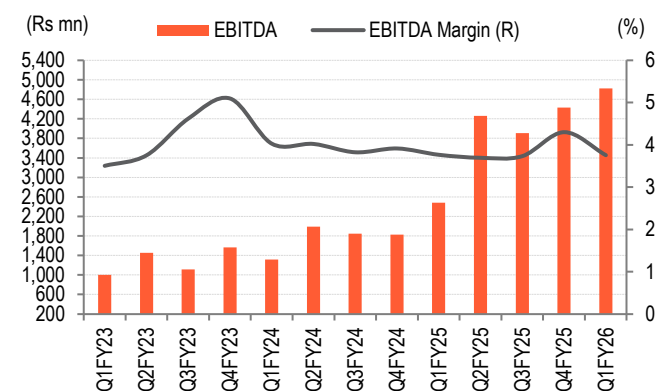
- Executives shared that capacity expansion at the Tirupati plant is on track for completion by Aug'25, aimed at supporting the rising order pipeline.
- Dixon stated that it is launching 16kg and 18kg semi-automatic washing machines, marking industry-first, and is also advancing development of front-load models to strengthen its product portfolio.
- Additionally, the company is working on robotic vacuum cleaners and upgraded Rhodium series models, with launches expected by Q2FY26, positioning itself to capture demand in the premium appliance segment.

## Lighting

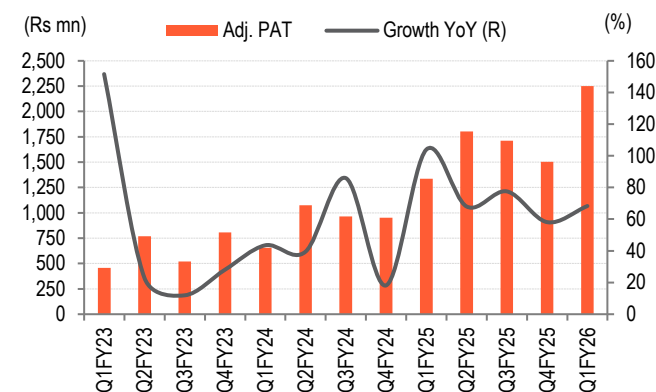
- Management highlighted that the lighting segment revenue stood at Rs 1.9 bn, registering a slight YoY decline due to a high base effect and subdued demand, though margins remained strong, aided by the operationalisation of backward integration in extrusions, which drove cost efficiencies.
- The 50:50 JV with Signify is set to commence by Q2FY26, targeting premium decorative and professional lighting, with pilot exports to a leading U.S. retailer scheduled for commercial rollout within the quarter.

**Fig 3 – Revenue growth**

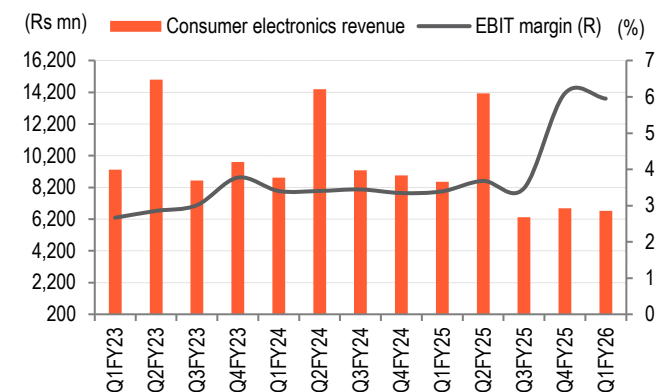
Source: Company, BOBCAPS Research

**Fig 4 – EBITDA growth**

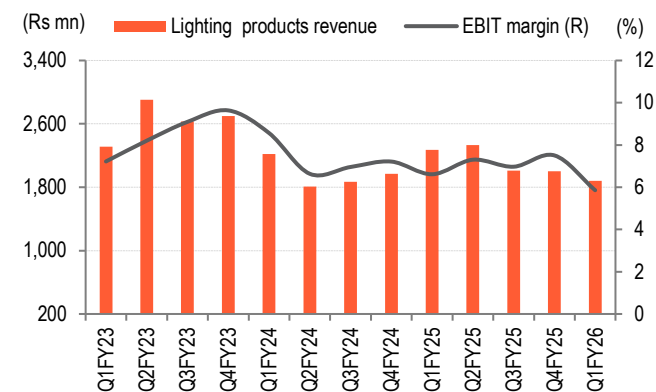
Source: Company, BOBCAPS Research

**Fig 5 – PAT growth**

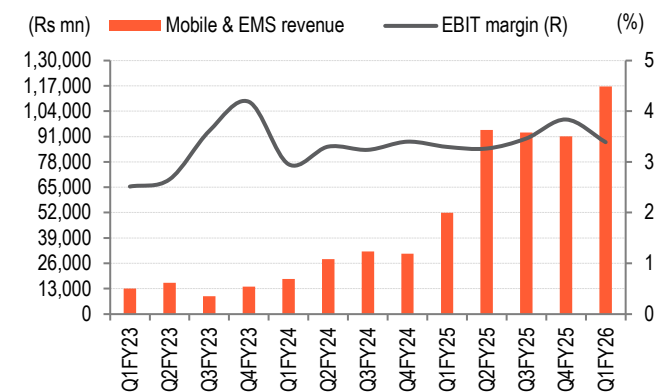
Source: Company, BOBCAPS Research

**Fig 6 – CE business growth**

Source: Company, BOBCAPS Research

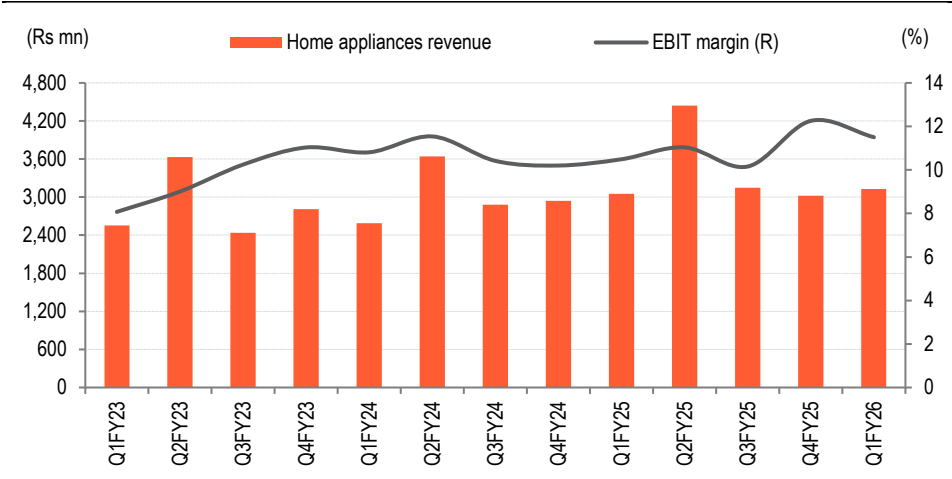
**Fig 7 – Lighting business growth**

Source: Company, BOBCAPS Research

**Fig 8 – Mobiles business growth**

Source: Company, BOBCAPS Research

**Fig 9 – Home appliances business growth**



Source: Company, BOBCAPS Research

## Valuation methodology

We raise our FY26/27E EPS by 8%/5% on sustained mobile growth and upcoming backward integration. Introduce FY28, roll forward to June-27 EPS, maintain 70x multiple to arrive at TP of Rs 21,900. Maintain BUY.

**Fig 10 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,39,363	7,59,770	9,75,519	5,19,363	7,30,924	NA	4	4	NA
EBITDA	20,679	31,353	40,778	19,720	29,994	NA	5	5	NA
Margin (%)	3.8	4.1	4.2	3.8	4.1	NA	4bps	2bps	NA
PAT	10,270	17,171	23,017	9,548	16,280	NA	8	5	NA

Source: BOBCAPS Research



## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>1,76,909</b>	<b>3,88,601</b>	<b>5,39,363</b>	<b>7,59,770</b>	<b>9,75,519</b>
EBITDA	6,976	15,076	20,679	31,353	40,778
Depreciation	1,619	2,810	3,796	4,777	5,933
EBIT	5,358	12,266	16,883	26,576	34,845
Net interest inc./(exp.)	(747)	(1,544)	(1,242)	(934)	(330)
Other inc./(exp.)	226	202	237	296	370
Exceptional items	0	0	0	0	0
EBT	4,836	10,924	15,877	25,937	34,885
Income taxes	1,189	3,372	4,001	6,536	8,791
Extraordinary items	0	(4,600)	0	0	0
Min. int./Inc. from assoc.	102	174	243	268	294
<b>Reported net profit</b>	<b>3,678</b>	<b>10,955</b>	<b>10,270</b>	<b>17,171</b>	<b>23,017</b>
Adjustments	0	(4,600)	0	0	0
<b>Adjusted net profit</b>	<b>3,678</b>	<b>6,356</b>	<b>10,270</b>	<b>17,171</b>	<b>23,017</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	40,598	1,08,837	1,50,726	1,97,748	2,53,902
Other current liabilities	6,074	15,395	21,368	30,100	38,647
Provisions	0	0	0	0	0
Debt funds	4,890	6,710	6,210	3,460	1,223
Other liabilities	1,404	6,626	8,476	10,973	14,345
Equity capital	120	121	121	121	121
Reserves & surplus	16,829	29,982	40,132	57,184	80,082
Shareholders' fund	16,949	30,102	40,253	57,305	80,202
<b>Total liab. and equities</b>	<b>69,914</b>	<b>1,67,669</b>	<b>2,27,032</b>	<b>2,99,585</b>	<b>3,88,319</b>
Cash and cash eq.	2,087	2,635	5,256	(3,935)	6,536
Accounts receivables	23,179	69,655	97,529	1,39,465	1,79,068
Inventories	16,950	39,924	59,108	85,344	1,12,251
Other current assets	6,147	18,730	19,210	27,060	34,745
Investments	0	0	0	0	0
Net fixed assets	16,367	21,091	29,856	37,079	41,646
CWIP	643	2,561	3,000	1,500	1,000
Intangible assets	3,635	6,655	6,655	6,655	6,655
Deferred tax assets, net	0	0	0	0	0
Other assets	906	6,418	6,418	6,418	6,418
<b>Total assets</b>	<b>69,914</b>	<b>1,67,669</b>	<b>2,27,032</b>	<b>2,99,585</b>	<b>3,88,319</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>5,843</b>	<b>11,498</b>	<b>14,390</b>	<b>1,680</b>	<b>19,455</b>
Capital expenditures	(5,686)	(8,956)	(13,000)	(10,500)	(10,000)
Change in investments	344	(3,210)	0	0	0
Other investing cash flows	33	(123)	0	0	0
<b>Cash flow from investing</b>	<b>(5,309)</b>	<b>(12,289)</b>	<b>(13,000)</b>	<b>(10,500)</b>	<b>(10,000)</b>
Equities issued/Others	469	1,399	0	0	0
Debt raised/repaid	(276)	583	(500)	(2,750)	(2,237)
Interest expenses	0	0	0	0	0
Dividends paid	(893)	(2,248)	1,731	2,378	3,253
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(700)</b>	<b>(266)</b>	<b>1,231</b>	<b>(372)</b>	<b>1,016</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(166)</b>	<b>(1,057)</b>	<b>2,621</b>	<b>(9,191)</b>	<b>10,471</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,087</b>	<b>2,635</b>	<b>5,256</b>	<b>(3,935)</b>	<b>6,536</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	61.8	184.0	172.5	288.4	386.5
Adjusted EPS	61.8	106.7	172.5	288.4	386.5
Dividend per share	2.0	8.0	2.0	2.0	2.0
Book value per share	284.6	505.5	675.9	962.3	1,346.8

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.4	2.5	1.8	1.3	1.0
EV/EBITDA	137.5	63.6	46.4	30.6	23.5
Adjusted P/E	260.9	151.0	93.4	55.9	41.7
P/BV	56.6	31.9	23.8	16.7	12.0

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.0	58.2	64.7	66.2	66.0
Interest burden (PBT/EBIT)	90.3	89.1	94.0	97.6	100.1
EBIT margin (EBIT/Revenue)	3.0	3.2	3.1	3.5	3.6
Asset turnover (Rev./Avg TA)	10.8	18.4	18.1	20.5	23.4
Leverage (Avg TA/Avg Equity)	1.1	0.9	0.8	0.8	0.6
<b>Adjusted ROAE</b>	<b>24.7</b>	<b>27.0</b>	<b>29.2</b>	<b>35.2</b>	<b>33.5</b>

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	45.1	119.7	38.8	40.9	28.4
EBITDA	36.1	116.1	37.2	51.6	30.1
Adjusted EPS	43.9	72.8	61.6	67.2	34.0

### Profitability & Return ratios (%)

EBITDA margin	3.9	3.9	3.8	4.1	4.2
EBIT margin	3.0	3.2	3.1	3.5	3.6
Adjusted profit margin	2.1	1.6	1.9	2.3	2.4
Adjusted ROAE	24.7	27.0	29.2	35.2	33.5
ROCE	21.5	23.4	23.7	29.2	28.5

### Working capital days (days)

Receivables	48	65	66	67	67
Inventory	35	37	40	41	42
Payables	84	102	102	95	95

### Ratios (x)

Gross asset turnover	10.5	15.6	15.4	16.1	16.7
Current ratio	1.0	1.0	1.0	1.1	1.1
Net interest coverage ratio	7.2	7.9	13.6	28.5	105.5
<b>Adjusted debt/equity</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>

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

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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**BUY** – Expected return >+15%

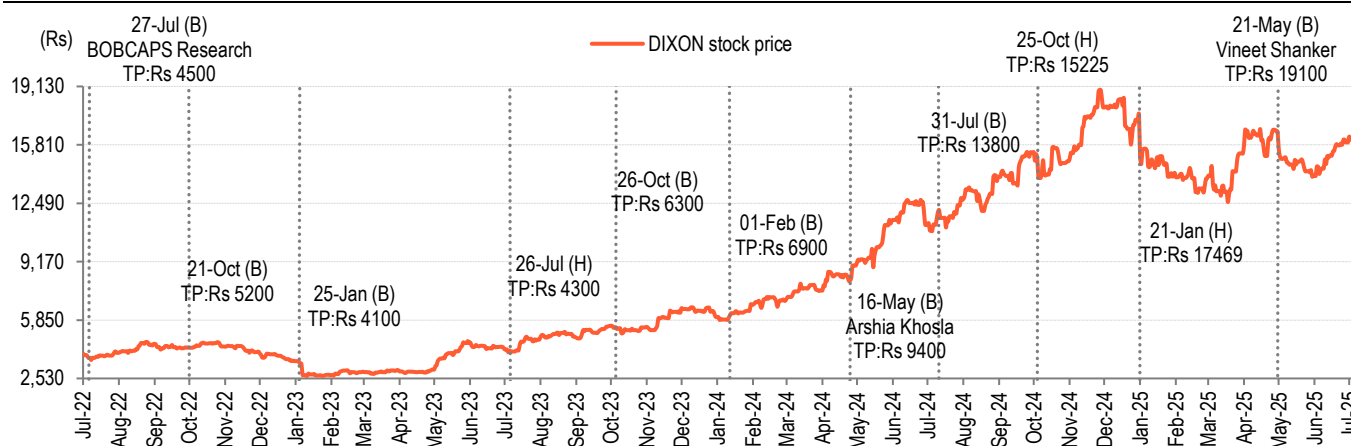
**HOLD** – Expected return from -6% to +15%

**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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