RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

**HOLD**

**TP: Rs 14,000 | ⩒ 0%**

**DIXON TECHNOLOGIES** | EMS | 03 August 2026

## Price-led growth; volume recovery ahead

- **Revenue grew 21% YoY to Rs 155.5bn, 34% ahead of estimate; EBITDA declined 4% YoY with margin contracting 80bps to 3%**
- **Growth led by input-cost pass-through, not volumes; Vivo JV consolidates from Q3FY27; no margin recovery guided in FY27**
- **Cut estimates, ascribe 45x to Jun'28E EPS to arrive at Jun'27 TP of Rs 14,000; maintain HOLD**


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**Revenue beats, margins compress:** DIXON reported revenue of Rs 155.5bn, up 21% YoY and 34% ahead of our estimate, as elevated memory and component prices were passed through into higher realisations. EBITDA declined 4% YoY to Rs 4.6bn, with margin contracting 80bps YoY to 3.0%, reflecting the expiry of mobile PLI 1.0 in Mar'26 and the optical dilution of percentage margins from pass-through pricing. Reported PAT of Rs 6.6bn was aided by a Rs 5.19bn fair value gain on the aditya infotech stake; adjusted for this, PAT after minority interest declined 3% YoY to Rs 2.2bn.

**Mobile scale sustained on value, not volume:** Mobile & EMS revenue grew 22% YoY to Rs 141.8bn, but segment EBIT declined 6% YoY with margin moderating 76bps YoY and 92bps QoQ to 2.6%, as the subsidy roll-off was only partly offset by scale. Within the segment, telecom contributed ~Rs 21bn to a 5.1% operating margin, while IT hardware at ~Rs 13.5bn in the quarter approached the entire FY26 base. Working capital absorbed Rs 8.1bn on a memory-led inventory build, resulting in negative FCF of Rs 6.8bn and a shift to a marginal net debt position.

**Input costs weigh on home appliance margins:** Home Appliances revenue grew 22% YoY to Rs 3.8bn, but margin contracted 312bps YoY to 8.4%, weighed by polymer price volatility and adverse currency movement. CE&A revenue rose 47% YoY to Rs 9.9bn with margin broadly stable at 5.9%, aided by mix, though LED TV demand in the value and mid-range segments remained subdued on memory-led input cost inflation. Refrigerator offtake was moderated by industry-wide inventory liquidation, a less intense summer and unseasonal rains, partly mitigated by traction in the ODM portfolio.

**Raise estimates, Maintain HOLD:** We raise FY27E/FY28E PAT estimates by 18%/21%, factoring in stronger pass-through pricing, the Vivo JV consolidation from Q3FY27 and the scale-up in telecom and IT hardware, partly offset by the absence of mobile PLI 1.0 and no margin recovery guided through FY27. We assign a target multiple of 45x to Jun'28E EPS to arrive at a Jun'27 TP of Rs 14,000. Considering the limited upside, we maintain HOLD.

### Key changes

| Target | Rating |
|---|---|
| ▲ | ◀ ▶ |

| | |
|---|---|
| Ticker/Price | DIXON IN/Rs 14,049 |
| Market cap | US$ 8.8bn |
| Free float | 66% |
| 3M ADV | US$ 81.5mn |
| 52wk high/low | Rs 18,471/Rs 9,600 |
| Promoter/FPI/DII | 34%/12%/24% |

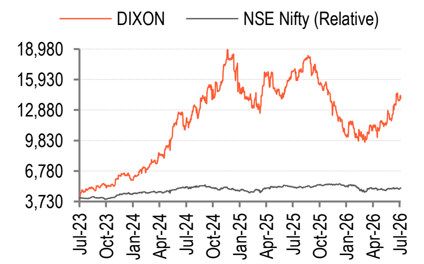
Source: NSE | Price as of 31 Jul 2026

### Key financials

| Y/E 31 Mar | FY26A | FY27E | FY28E |
|---|---|---|---|
| Total revenue (Rs mn) | 4,88,728 | 8,11,125 | 10,35,479 |
| EBITDA (Rs mn) | 18,665 | 26,207 | 36,758 |
| Adj. net profit (Rs mn) | 14,386 | 15,659 | 17,569 |
| Adj. EPS (Rs) | 241.6 | 263.0 | 295.0 |
| Adj. ROAE (%) | 37.4 | 28.7 | 24.7 |
| Adj. P/E (x) | 58.2 | 53.4 | 47.6 |
| EV/EBITDA (x) | 44.8 | 31.9 | 22.8 |
| Adj. EPS growth (%) | 126.4 | 8.8 | 12.2 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

### Fig 1 – Q1FY27 Financial Snapshot

| Particulars (Rs mn) | Q1FY27 | Q1FY26 | YoY (%) | Q4FY26 | QoQ (%) | Q1FY27E | Var (%) |
|---|---|---|---|---|---|---|---|
| Revenue | 1,55,477 | 1,28,357 | 21 | 1,05,105 | 48 | 1,16,332 | 34 |
| EBITDA | 4,631 | 4,824 | (4) | 4,084 | 13 | 3,916 | 18 |
| EBITDA Margin (%) | 3.0 | 3.8 | (80bps) | 3.9 | (90bps) | 3.4 | (39bps) |
| Depreciation | 1,070 | 927 | | 1,050 | | 1,060 | 1 |
| Other Income | 5,283 | 17 | | 843 | | 200 | 2,541 |
| PBT | 8,603 | 3,588 | 140 | 3,640 | 136 | 2,716 | 217 |
| Tax | 1,512 | 855 | | 718 | | 684 | 121 |
| Adjusted PAT | 6,634 | 2,250 | 195 | 2,564 | 159 | 1,688 | 293 |
| Exceptional item | 4,454 | - | | 0 | | 0 | |
| Reported PAT | 2,180 | 2,250 | (3) | 2,564 | (15) | 1,688 | 29 |
| Adj. PAT Margin (%) | 4.3 | 1.8 | 250bps | 2.4 | 180bps | 1.5 | 282bps |
| EPS (Rs) | 119.1 | 45.9 | 160 | 49.1 | 143 | 34 | 249 |

Source: Company, BOBCAPS Research

### Fig 2 – Segmental performance

| Particulars (Rs mn) | Q1FY27 | Q1FY26 | YoY (%) | Q4FY26 | QoQ (%) |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Consumer electronics & appliances | 9,870 | 6,720 | 47 | 6,970 | 42 |
| Home appliances | 3,820 | 3,130 | 22 | 3,290 | 16 |
| Mobile & EMS | 1,41,790 | 1,16,630 | 22 | 94,850 | 49 |
| **EBIT** | | | | | |
| Consumer electronics & appliances | 580 | 400 | 45 | 400 | 45 |
| EBIT Margin (%) | 5.9 | 6.0 | (8bps) | 5.7 | 14bps |
| Home appliances | 320 | 360 | (11) | 310 | 3 |
| EBIT Margin (%) | 8.4 | 11.5 | (312bps) | 9.4 | (105bps) |
| Mobile & EMS | 3730 | 3950 | (6) | 3370 | 11 |
| EBIT Margin (%) | 2.6 | 3.4 | (76bps) | 3.6 | (92bps) |

Source: Company, BOBCAPS Research

## Earnings Call Highlights

**Mobile & EMS – Volumes, ASP growth, exports and Vivo optionality**

- Q1FY27 smartphone volumes were ~7.5 mn units, aligned with the broader industry demand contraction of 10-12%. Despite this, Dixon has gained market share as volume de-growth at the industry level was significantly higher than Dixon's. Management expects 20-25% QoQ volume growth in Q2FY27, with the order book (ex-Vivo) at ~9-9.2 mn units.
- H1FY27 volumes are expected at ~16-16.5 mn units (ex-Vivo). FY26 volumes were ~32-33 mn units, and management feels confident of holding close to that number despite market headwinds. Export volumes in Q1 were ~0.6-0.77 mn units. Management sees potential to add 15-20 mn export units over the next couple of years, translating to ~Rs 180-200 bn of incremental revenue, driven by two anchor customers.
- The Vivo JV received PN3 approval in July 2026. The transaction is expected to be consummated within the next two months, with revenues reflecting from Q3FY27. Vivo volumes could add ~20-22 mn units on an annualised basis.
- Management highlighted Construction of the ~1 mn sq ft Noida facility for anchor customers is almost complete, with operations expected from Q3FY27 while HMD smartphone manufacturing has commenced in Q1FY27.

**Camera & display modules – Backward integration**

- QTech camera module capacity expansion from ~70 mn to ~180-190 mn units annually remains on track over the next 15-18 months, largely captive to smartphone volumes. Q1FY27 revenue was closer to ~Rs 5 bn; margins are contributing but below full potential due to FX headwinds, which are now largely corrected, with QoQ improvement expected.
- For the HKC display JV, construction is complete and machinery installation is underway for mobiles, IT hardware and automotive displays. Trials are expected from Q3FY27, with mass production from end-Q3/early-Q4FY27.

**Telecom & networking – Design-led EMS and export opportunity**

- Management highlighted JV with Gemtech (Taiwan) for manufacturing optical transfer receivers, SFPs, and BOSA is under approved ECMS applications, targeting telecom and data centre end-use.
- Dixon has signed an MoU for a telecom manufacturing zone in Gwalior (MP), where the government is offering land at Rs 1/sq m for 30 years, ~50% capital subsidy, Rs 5,000/worker employment allowance, Rs 2/unit power subsidy, and Rs 13,000/worker skilling subsidy.

**IT hardware & servers – Inventec JV and component integration**

- The company reiterated SSD manufacturing line has been installed and will commence from Q3FY27. Other components under exploration include power supply and mechanical parts.

- The Inventec JV factory is being built adjacent to the Chennai facility, expected to be operational by end-Q3 or early Q4FY27. The JV will initially focus on PCBAs and is in discussions with the partner for general server and data centre server manufacturing.

**Home appliances – Capacity expansion and new categories**

- Home appliances growth will be supported by semi-automatic washing machines in the 16/18 kg category (a first in the industry), front-loading washing machines launching in Q3FY27, robotic vacuum cleaners (production commenced), and planned additions of dishwashers and microwave ovens from Q3FY27.
- The new Tirupati facility will add ~0.3 mn units of capacity, taking total washing machine capacity from 0.6 mn to 0.9 mn per annum.

**Consumer electronics – LED TVs and refrigerators**

- LED TV demand remained soft in value and mid-range segments due to sharp memory-price inflation and global supply tightness. However, demand for larger screens (55 inches and above) and premium models remains relatively healthy.
- Refrigerator demand in Q1 was impacted by a large commodity price uptick, industry-wide older inventory liquidation, and a weaker than normal summer. Capacity is being expanded from ~1.5 mn to ~3.2 mn units, with side-by-side refrigerators, FrostFree 240L/280L, deep freezers, and visi coolers launching by Q4FY27.

**Lighting – Premium mix and exports**

- Batten production capacity has been scaled to an industry-leading 5 mn units per month, fully supported by backward integration. ~1,000+ SKUs have been launched in indoor lighting over the last two quarters, premiumising the portfolio. Dixon can now cater to the entire indoor lighting range.
- Export deliveries to the largest retail chains in US and Germany are expected to commence from Q2 and Q3FY27. Professional lighting range (street lights, flood lights, industrial lights) is expected to launch in the next 6-8 months.

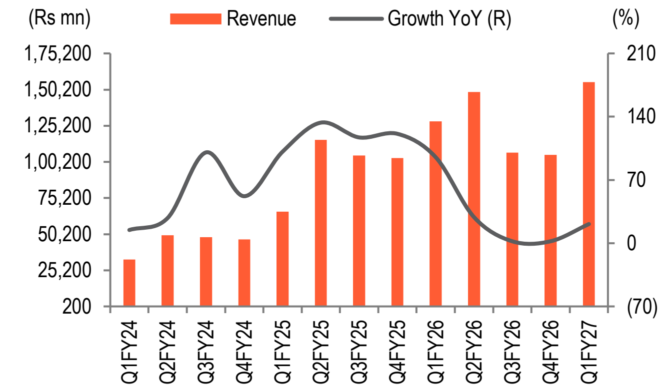
**Specialty EMS – Precision engineering**

- Management confirmed that Dixon is aggressively working on precision engineering opportunities, though specific details were not shared. The company indicated it would revert to shareholders with concrete developments shortly.

**Working capital and balance sheet**

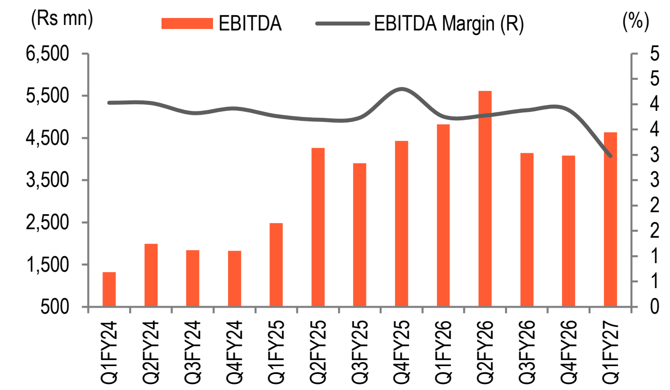
- Working capital increased in Q1, driven by three factors: (a) strategic inventory build-up across verticals due to memory price hikes and supply chain challenges, (b) capex of ~Rs 3.35 bn, and (c) floating cash at end-March that was subsequently paid to creditors. Management characterised this as temporary and expected to normalise.

**Fig 3 – Revenue growth**



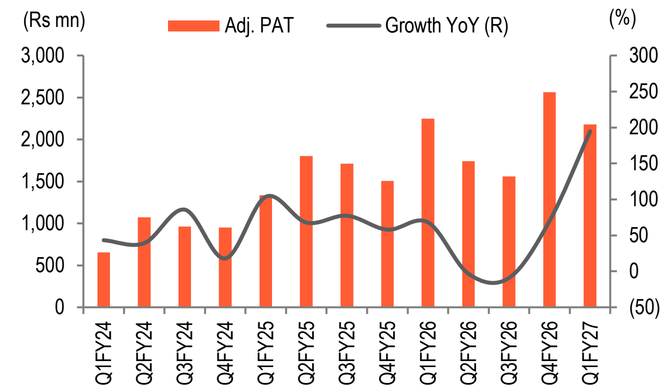

Source: Company, BOBCAPS Research

**Fig 4 – EBITDA growth**



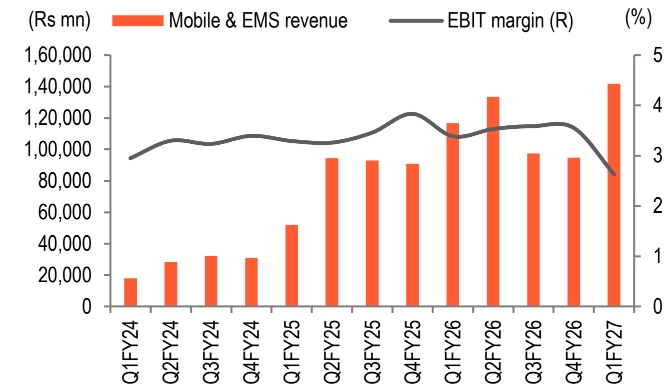

Source: Company, BOBCAPS Research

**Fig 5 – PAT growth**



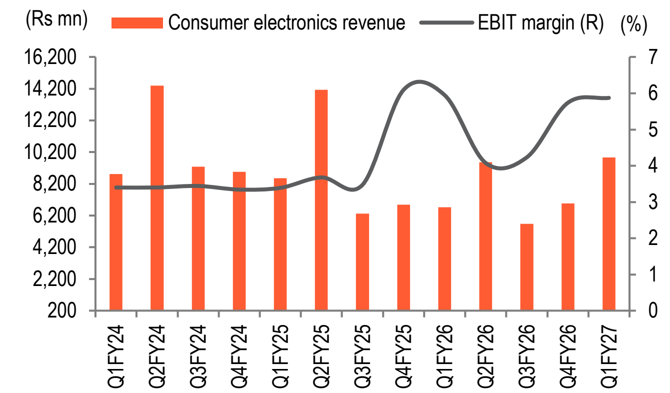

Source: Company, BOBCAPS Research

**Fig 6 – Mobiles business growth**



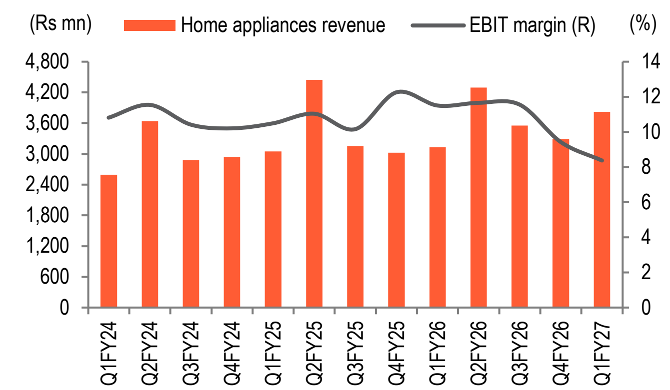

Source: Company, BOBCAPS Research

**Fig 7 – CE business growth**




Source: Company, BOBCAPS Research

**Fig 8 – Home appliances business growth**

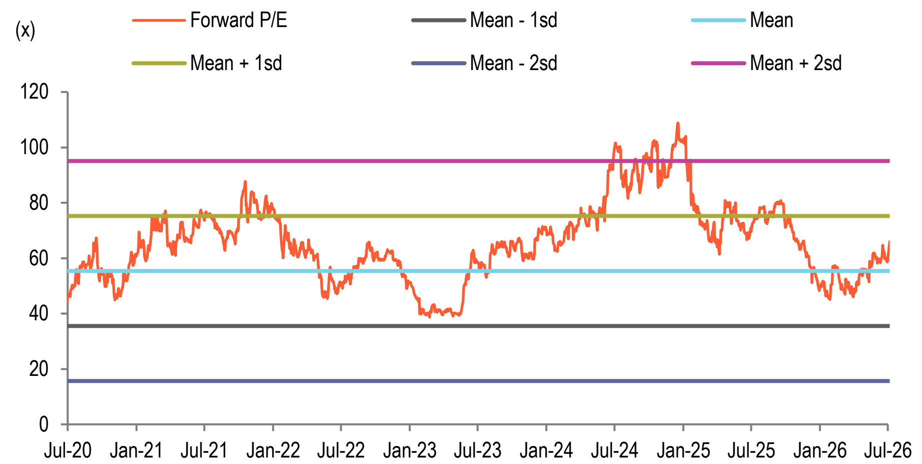



Source: Company, BOBCAPS Research

## Valuation methodology

We raise our FY27E/FY28E PAT estimates by 18%/21% to factor in stronger pass-through pricing on memory-led input cost inflation, the Vivo JV consolidation from Q3FY27 and the scale-up in telecom, IT hardware and components, partly offset by the expiry of mobile PLI 1.0 and management's guidance of no margin recovery through FY27. Our FY27E/FY28E revenue estimates move up 22%/25%, while EBITDA margin assumptions are lowered 21bps/46bps to 3.2%/3.5%. We now estimate Revenue/EBITDA of 34%/33% over FY26-29E and assign a target multiple of 45x to Jun'28E EPS to arrive at a revised TP of Rs 14,000. Given the limited upside from current levels, we maintain HOLD.

**Fig 9 – DIXON 1YF PE band chart**




Source: Company, BOBCAPS Research

**Fig 10 – Revised estimates**

| (Rs mn) | New | | | Old | | | Change (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E |
| Revenue | 8,11,125 | 10,35,479 | 11,65,940 | 6,66,055 | 8,28,140 | 9,40,062 | 22 | 25 | 24 |
| EBITDA | 26,207 | 36,758 | 44,076 | 22,922 | 33,225 | 39,026 | 14 | 11 | 13 |
| EBITDA Margin (%) | 3.2 | 3.5 | 3.8 | 3.4 | 4.0 | 4.2 | (21bps) | (46bps) | (37bps) |
| PAT | 11,205 | 17,569 | 21,419 | 9,522 | 14,521 | 17,152 | 18 | 21 | 25 |

Source: BOBCAPS Research

# Financials

### Income Statement

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Total revenue** | **3,88,601** | **4,88,728** | **8,11,125** | **10,35,479** | **11,65,940** |
| EBITDA | 15,076 | 18,665 | 26,207 | 36,758 | 44,076 |
| Depreciation | 2,810 | 3,930 | 4,352 | 5,538 | 6,652 |
| EBIT | 12,266 | 14,735 | 21,856 | 31,220 | 37,424 |
| Net interest inc./(exp.) | (1,544) | (1,375) | (2,517) | (2,508) | (2,819) |
| Other inc./(exp.) | 202 | 867 | 6,000 | 1,000 | 1,250 |
| Exceptional items | 0 | 6,263 | 0 | 0 | 0 |
| EBT | 10,924 | 12,493 | 25,339 | 29,712 | 35,855 |
| Income taxes | 3,372 | 4,263 | 6,385 | 7,488 | 9,035 |
| Extraordinary items | (4,600) | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 174 | 215 | 437 | 538 | 553 |
| **Reported net profit** | **10,955** | **14,386** | **15,659** | **17,569** | **21,419** |
| Adjustments | (4,600) | 0 | 0 | 0 | 0 |
| **Adjusted net profit** | **6,356** | **14,386** | **15,659** | **17,569** | **21,419** |

### Balance Sheet

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Accounts payables | 1,08,837 | 1,07,222 | 2,22,226 | 2,69,508 | 3,03,464 |
| Other current liabilities | 15,395 | 18,023 | 31,112 | 39,717 | 44,721 |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Debt funds | 6,710 | 9,942 | 10,942 | 11,942 | 10,442 |
| Other liabilities | 6,626 | 9,663 | 13,394 | 18,588 | 24,542 |
| Equity capital | 121 | 122 | 122 | 122 | 122 |
| Reserves & surplus | 29,982 | 46,645 | 62,185 | 79,635 | 1,00,935 |
| Shareholders' fund | 30,102 | 46,767 | 62,307 | 79,757 | 1,01,056 |
| **Total liab. and equities** | **1,67,669** | **1,91,616** | **3,39,980** | **4,19,512** | **4,84,225** |
| Cash and cash eq. | 2,635 | 9,411 | 8,698 | 7,008 | 6,510 |
| Accounts receivables | 69,655 | 65,299 | 1,46,669 | 1,90,074 | 2,20,410 |
| Inventories | 39,924 | 38,365 | 91,113 | 1,16,314 | 1,43,746 |
| Other current assets | 18,730 | 22,079 | 28,889 | 34,043 | 35,138 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Net fixed assets | 21,091 | 27,199 | 39,556 | 47,518 | 53,865 |
| CWIP | 2,561 | 5,708 | 1,500 | 1,000 | 1,000 |
| Intangible assets | 6,655 | 14,518 | 14,518 | 14,518 | 14,518 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 6,418 | 9,038 | 9,038 | 9,038 | 9,038 |
| **Total assets** | **1,67,669** | **1,91,616** | **3,39,980** | **4,19,512** | **4,84,225** |

### Cash Flows

| Y/E 31 Mar (Rs mn) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **11,498** | **17,823** | **7,176** | **5,234** | **8,168** |
| Capital expenditures | (8,956) | (10,579) | (12,500) | (13,000) | (13,000) |
| Change in investments | (3,210) | (620) | 0 | 0 | 0 |
| Other investing cash flows | (123) | (1,306) | 0 | 0 | 0 |
| **Cash flow from investing** | **(12,289)** | **(12,505)** | **(12,500)** | **(13,000)** | **(13,000)** |
| Equities issued/Others | 1,399 | 2,632 | 0 | 0 | 0 |
| Debt raised/repaid | 583 | (1,506) | 1,000 | 1,000 | (1,500) |
| Interest expenses | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (2,248) | (2,208) | 3,612 | 5,075 | 5,835 |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| **Cash flow from financing** | **(266)** | **(1,082)** | **4,612** | **6,075** | **4,335** |
| **Chg in cash & cash eq.** | **(1,057)** | **4,236** | **(712)** | **(1,691)** | **(498)** |
| **Closing cash & cash eq.** | **2,635** | **9,411** | **8,698** | **7,008** | **6,510** |

### Per Share

| Y/E 31 Mar (Rs) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Reported EPS | 184.0 | 241.6 | 263.0 | 295.0 | 359.7 |
| Adjusted EPS | 106.7 | 241.6 | 263.0 | 295.0 | 359.7 |
| Dividend per share | 8.0 | 10.0 | 2.0 | 2.0 | 2.0 |
| Book value per share | 505.5 | 785.3 | 1,046.3 | 1,339.3 | 1,697.0 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| EV/Sales | 2.2 | 1.7 | 1.0 | 0.8 | 0.7 |
| EV/EBITDA | 55.5 | 44.8 | 31.9 | 22.8 | 19.0 |
| Adjusted P/E | 131.6 | 58.2 | 53.4 | 47.6 | 39.1 |
| P/BV | 27.8 | 17.9 | 13.4 | 10.5 | 8.3 |

### DuPont Analysis

| Y/E 31 Mar (%) | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Tax burden (Net profit/PBT) | 58.2 | 70.2 | 61.8 | 59.1 | 59.7 |
| Interest burden (PBT/EBIT) | 89.1 | 139.1 | 115.9 | 95.2 | 95.8 |
| EBIT margin (EBIT/Revenue) | 3.2 | 3.0 | 2.7 | 3.0 | 3.2 |
| Asset turnover (Rev./Avg TA) | 18.4 | 18.0 | 20.5 | 21.8 | 21.6 |
| Leverage (Avg TA/Avg Equity) | 0.9 | 0.7 | 0.7 | 0.7 | 0.6 |
| Adjusted ROAE | 27.0 | 37.4 | 28.7 | 24.7 | 23.7 |

### Ratio Analysis

| Y/E 31 Mar | FY25A | FY26A | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **YoY growth (%)** | | | | | |
| Revenue | 119.7 | 25.8 | 66.0 | 27.7 | 12.6 |
| EBITDA | 116.1 | 23.8 | 40.4 | 40.3 | 19.9 |
| Adjusted EPS | 72.8 | 126.4 | 8.8 | 12.2 | 21.9 |
| **Profitability & Return ratios (%)** | | | | | |
| EBITDA margin | 3.9 | 3.8 | 3.2 | 3.5 | 3.8 |
| EBIT margin | 3.2 | 3.0 | 2.7 | 3.0 | 3.2 |
| Adjusted profit margin | 1.6 | 2.9 | 1.9 | 1.7 | 1.8 |
| Adjusted ROAE | 27.0 | 37.4 | 28.7 | 24.7 | 23.7 |
| ROCE | 23.4 | 29.4 | 23.7 | 20.3 | 19.5 |
| **Working capital days (days)** | | | | | |
| Receivables | 65 | 49 | 66 | 67 | 69 |
| Inventory | 37 | 29 | 41 | 41 | 45 |
| Payables | 102 | 80 | 100 | 95 | 95 |
| **Ratios (x)** | | | | | |
| Gross asset turnover | 15.6 | 14.5 | 17.2 | 16.7 | 15.5 |
| Current ratio | 1.0 | 1.1 | 1.1 | 1.1 | 1.2 |
| Net interest coverage ratio | 7.9 | 10.7 | 8.7 | 12.4 | 13.3 |
| Adjusted debt/equity | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 |

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

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**Recommendation scale: Recommendations and Absolute returns (%) over 12 months**

**BUY** – Expected return >+15%

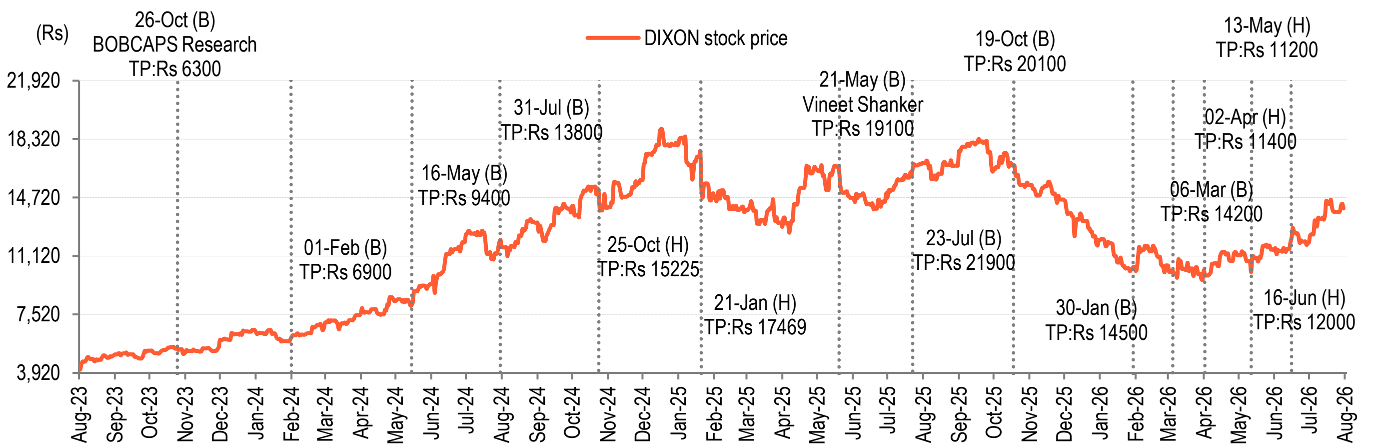
**HOLD** – Expected return from -6% to +15%

**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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