RESULT REVIEW

BUY
TP: Rs 20,100 | ⮝ 20%

DIXON TECHNOLOGIES | Consumer Durables | 19 October 2025

Growth momentum continues; margin levers key monitorable

- **Growth momentum sustains in Q2 as revenue grew 29% YoY /16% QoQ. Mobile division revenue grew 41% YoY/15% QoQ**
- **Multiple JVs to enhance capabilities; confident of offsetting the absence of mobile PLI in FY27 through backward integration benefits**
- **Ascribe 65x to Sept 27E EPS to arrive at Sept'26 TP of Rs 20,100; Maintain BUY**

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Performance slightly ahead of our estimates: DIXON Q1 performance was a slight beat on all fronts. Revenue/EBITDA were 4%/2% ahead of our estimates. Revenue grew 29% YoY/16% QoQ, led by a strong 41% YoY growth in the Mobile & EMS division. Non-mobile division saw a revenue decline of 34% YoY. EBITDA margin was up 10bps YoY (flat QoQ) to 3.8% (in line with estimates), absolute EBITDA grew 32% YoY/16% QoQ.

Mobile Phones & EMS sustains YoY growth trajectory: Mobile and EMS segments delivered 41% YoY/15% QoQ revenue growth. Growth was led by client additions, and a sharp rise in telecom and ismartu revenue to Rs 16.3bn (vs Rs 6.6bn YoY) and Rs 25.9bn (vs Rs 11bn YoY) respectively. Segment EBIT margin expanded 30bps YoY to 3.5% (+15bps QoQ). Management maintains a guidance for Rs 40–43mn in FY26 and 55–60mn in FY27, aided by anchor clients and the Vivo JV starting Q4FY26.

CE and appliances continued to decline; hope for recovery: Consumer Electronics (CE) segment reported a revenue fall of 32% 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 MS loss such as an expanding product portfolio, backwardly integrating to offer better pricing and looking for large strategic relationships. 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 revise our FY27/28E EPS by 6%/9% on factoring lower volume growth as Vivo JV is yet to commence operations, expect its peak utilisation to get delayed. However upcoming backward integration to improve margin profile in the absence of PLI in FY28.We roll forward our estimates to Sept-27 EPS; ascribe 65x multiple (vs 70x) to arrive at TP of Rs 20,100. Maintain BUY.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	DIXON IN/Rs 16,700
Market cap	US$ 11.3bn
Free float	66%
3M ADV	US$ 49.4mn
52wk high/low	Rs 19,149/Rs 12,202
Promoter/FPI/DII	34%/12%/24%

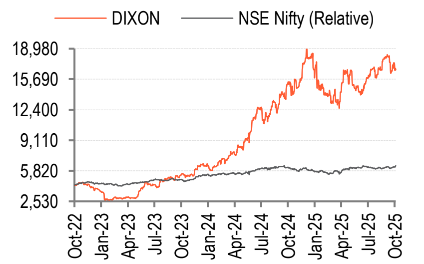
Source: NSE | Price as of 17 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	3,88,601	5,57,981	7,14,686
EBITDA (Rs mn)	15,076	20,884	29,443
Adj. net profit (Rs mn)	6,356	14,126	16,013
Adj. EPS (Rs)	106.7	237.2	268.9
Consensus EPS (Rs)	135.0	195.0	256.0
Adj. ROAE (%)	27.0	38.1	30.8
Adj. P/E (x)	156.5	70.4	62.1
EV/EBITDA (x)	66.0	47.6	33.8
Adj. EPS growth (%)	72.8	122.3	13.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly & H1FY26 Financial Snapshot

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)	Q2FY26E	Var (%)
Revenue	1,48,550	1,15,341	29	1,28,357	16	2,76,907	1,81,139	53	1,42,228	4
EBITDA	5,613	4,264	32	4,824	16	10,437	6,743	55	5,480	2
EBITDA Margin (%)	3.8	3.7	10bps	3.8	0bps	3.8	3.7	0bps	3.9	(7bps)
Depreciation	963	660		927		1,890	1,205		930	4
Interest	384	379		326		709	672		330	16
Other Income	4,957	(57)		17		4,974	25		52	9,433
PBT	9,224	3,167	191	3,588	157	12,812	4,890	162	4,272	116
Tax	1,779	1,172		855		2,634	1,572		1,075	65
Adjusted PAT	6,700	1,803	272	2,250	198	8,950	3,140	185	2,757	143
Exceptional item	-	(2,096)		-		-	(2,096)		-	
Reported PAT	6,700	3,899	72	2,250	198	8,950	5,236	71	2,757	143
Adj. PAT Margin (%)	4.5	1.6	290bps	1.8	280bps	3.2	1.7	150bps	1.9	257bps
EPS (Rs)	125.0	33.5	273	45.9	172	170.9	55.7	207	54	133

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Segment revenue								
Consumer electronics & appliances	9,560	14,130	(32)	6,720	42	16,280	22,680	(28)
Home appliances	4,290	4,440	(3)	3,130	37	7,420	7,490	(1)
Mobile & EMS	1,33,610	94,440	41	1,16,630	15	2,50,240	1,46,360	71
EBIT								
Consumer electronics & appliances	390	520	(25)	400	(3)	790	810	
EBIT Margin (%)	4.1	3.7	40bps	6.0	(187bps)	4.9	3.6	128bps
Home appliances	500	490	2	360	39	860	810	
EBIT Margin (%)	11.7	11.0	62bps	11.5	15bps	11.6	10.8	78bps
Mobile & EMS	4720	3080	53	3950	19	8670	4790	
EBIT Margin (%)	3.5	3.3	27bps	3.4	15bps	3.5	3.3	19bps

Source: Company, BOBCAPS Research

Earnings Call Highlights

Mobile and EMS

- FY26 volume guided around 40-45mn units, FY27 aspirations 55-60mn units (management also reiterated 60-75mn units as achievable with Vivo ramp). New large ODM engagement could add ~0.5mn units a month from Q4FY26 end or the start of FY27. Noida 1mn sq ft campus for an anchor customer targeted by Mar-26.
- Vivo expected to be a large customer; Longcheer JV volumes (8–10mn in FY27) included within the 60–65mn aspiration. Export thrust: mobiles via Transsion/iSmart (Africa/LatAm) and another anchor relationship exposed to the US.

Telecom and networking devices

- Dixon won a US customer for backhaul microwave radios; pilots by Dec, commercial production by Mar; exports expected from Q2–Q3 FY27. Management sees this becoming the #2 growth driver after mobiles.

IT hardware (laptops/tablets)

- Mass production for HP/ASUS/Lenovo; Acer shifted to Chennai. 60:40 JV with Inventec (notebooks/PCs/servers & components) targeted operational by Q1 FY27. Two-year revenue potential Rs 40-50bn with backward-integration (display, SSD, memory, PSUs, mechanicals) to offset 4–5% cost disability.

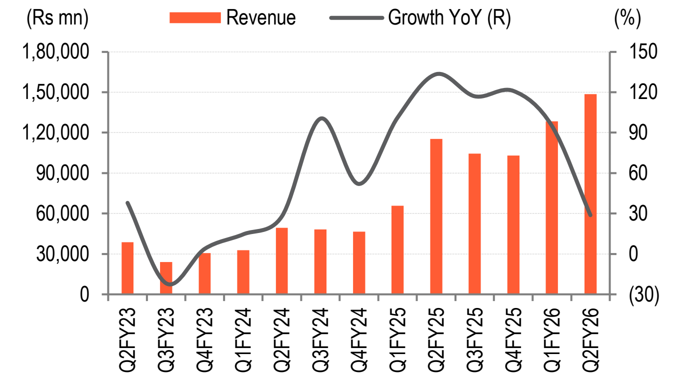
Consumer Electronics (LED TVs and home appliances)

- Demand got pushed out due to GST reset and tighter energy norms. OEM mix now ~60%; portfolio widening minibars (50/100L) underway; visi-coolers, deep freezers, side-by-side to follow. Capacity adds; 16/18kg semi-auto WM launch by Dec-25; Eureka Forbes robo-vacs production by Dec-25. Front-load WM in planning (initial 150–200k units).
- Lightanium (50:50 with Signify) live since Aug-25; pilot executed for a top US retailer in Oct; German retailer pilot due this quarter; premium/professional range scaling.

Backward integration & components (margin accretive)

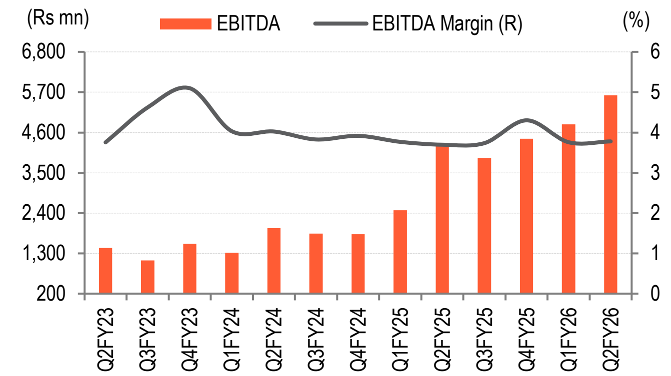
- **HKC display JV:** Phase-1 capacity: 24mn smartphone + 2mn notebook displays (≈76% captive). Phase-2: enhance to 60mn smartphone + TV and automotive displays; target margins: high double-teens; revenue potential $800–900mn at scale.
- **Qtech India**: Camera/ fingerprint modules. Plan to scale from ~40mn units (Rs 20bn) to 190-200mn units with Rs 60-70bn revenue in 2-3 years. Backward integration plan to entail Rs 30bn capex over 3 years.
- Management reiterated ambition to reach Rs 1trn sales in 3–4 years with consolidated EBITDA margin range ~4–4.5% aided by integration/scale/ODM.

Fig 3 – Revenue growth



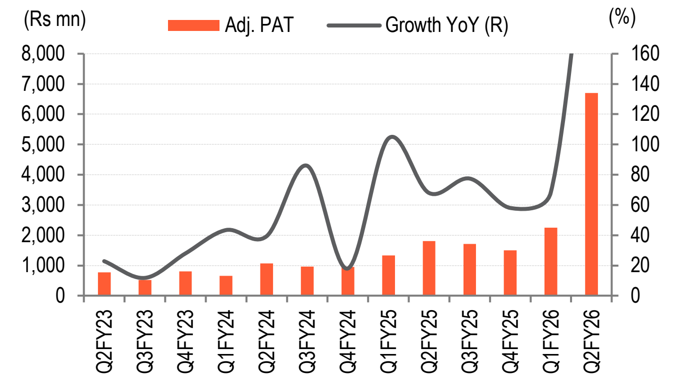
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



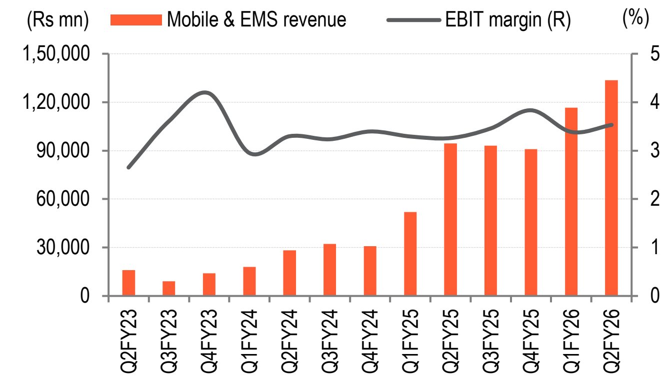
Source: Company, BOBCAPS Research

Fig 5 – PAT growth



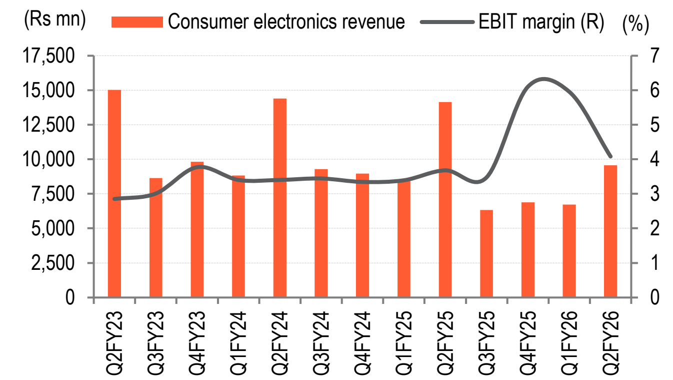
Source: Company, BOBCAPS Research

Fig 6 – Mobiles business growth



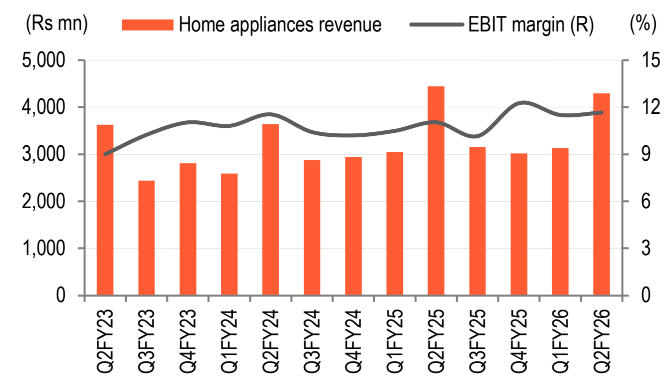
Source: Company, BOBCAPS Research

Fig 7 – CE business growth



Source: Company, BOBCAPS Research

Fig 8 – Home appliances business growth

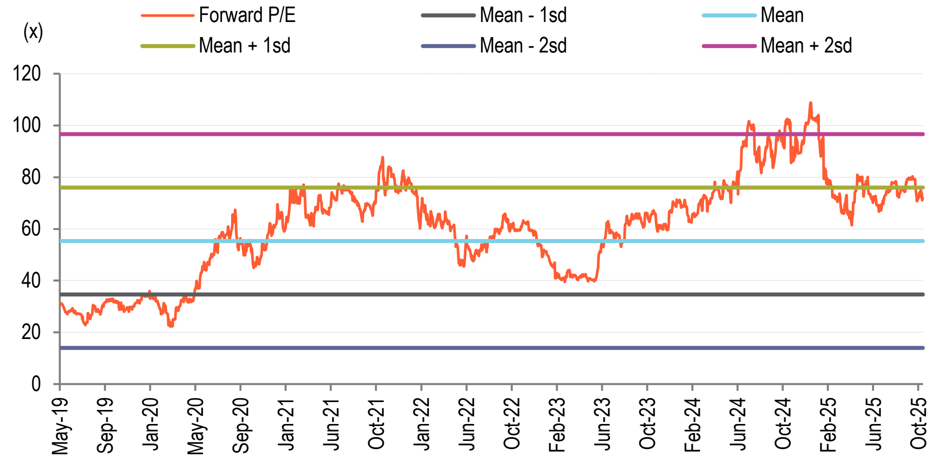


Source: Company, BOBCAPS Research

Valuation Methodology

We revise our FY27/28E EPS by 6%/9% on factoring lower than earlier factored volume growth, as Vivo JV is yet to commence operations, expect its peak utilisation to get delayed. However upcoming backward integration to improve margin profile in the absence of PLI in FY28. We roll forward our estimates to Sept-27 EPS; ascribe 65x multiple (vs 70x) to arrive at TP of Rs 20,100. Maintain BUY.

Fig 9 – Dixon 1YF PE band chart



Source: Company, BOBCAPS Research

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,57,981	7,14,686	8,84,089	5,39,363	7,59,770	9,75,519	3.0	(6.0)	(9.0)
EBITDA	20,884	29,443	37,178	20,679	31,353	40,778	1.0	(6.0)	(9.0)
EBITDA Margin (%)	3.7	4.1	4.2	3.8	4.1	4.2	(9bps)	(1bps)	3bps
PAT	14,126	16,013	20,872	10,270	17,171	23,017	38.0	(7.0)	(9.0)

Source: BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**1,76,909**	**3,88,601**	**5,57,981**	**7,14,686**	**8,84,089**
EBITDA	6,976	15,076	20,884	29,443	37,178
Depreciation	1,619	2,810	3,796	4,777	5,933
EBIT	5,358	12,266	17,088	24,667	31,246
Net interest inc./(exp.)	(747)	(1,544)	(1,242)	(934)	(330)
Other inc./(exp.)	226	202	5,187	500	700
Exceptional items	0	0	0	0	0
EBT	4,836	10,924	21,033	24,232	31,616
Income taxes	1,189	3,372	5,300	6,107	7,967
Extraordinary items	0	(4,600)	0	0	0
Min. int./Inc. from assoc.	102	174	243	292	350
Reported net profit	**3,678**	**10,955**	**14,126**	**16,013**	**20,872**
Adjustments	0	(4,600)	0	0	0
Adjusted net profit	**3,678**	**6,356**	**14,126**	**16,013**	**20,872**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	40,598	1,08,837	1,55,929	1,95,804	2,42,216
Other current liabilities	6,074	15,395	22,105	21,538	21,557
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	10,881	14,007
Equity capital	120	121	121	121	121
Reserves & surplus	16,829	29,982	43,988	59,882	80,635
Shareholders' fund	16,949	30,102	44,109	60,002	80,756
Total liab. and equities	**69,914**	**1,67,669**	**2,36,828**	**2,91,686**	**3,59,759**
Cash and cash eq.	2,087	2,635	8,982	13,880	26,218
Accounts receivables	23,179	69,655	1,00,895	1,27,273	1,57,440
Inventories	16,950	39,924	61,149	76,364	94,464
Other current assets	6,147	18,730	19,873	22,518	25,917
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
Total assets	**69,914**	**1,67,669**	**2,36,828**	**2,91,686**	**3,59,759**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**5,843**	**11,498**	**18,116**	**15,861**	**21,568**
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
Cash flow from investing	**(5,309)**	**(12,289)**	**(13,000)**	**(10,500)**	**(10,000)**
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	2,286	3,007
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(700)**	**(266)**	**1,231**	**(464)**	**771**
Chg in cash & cash eq.	**(166)**	**(1,057)**	**6,347**	**4,897**	**12,338**
Closing cash & cash eq.	**2,087**	**2,635**	**8,982**	**13,880**	**26,218**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	61.8	184.0	237.2	268.9	350.5
Adjusted EPS	61.8	106.7	237.2	268.9	350.5
Dividend per share	2.0	8.0	2.0	2.0	2.0
Book value per share	284.6	505.5	740.7	1,007.6	1,356.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.6	2.6	1.8	1.4	1.1
EV/EBITDA	142.6	66.0	47.6	33.8	26.7
Adjusted P/E	270.4	156.5	70.4	62.1	47.6
P/BV	58.7	33.0	22.5	16.6	12.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.0	58.2	67.2	66.1	66.0
Interest burden (PBT/EBIT)	90.3	89.1	123.1	98.2	101.2
EBIT margin (EBIT/Revenue)	3.0	3.2	3.1	3.5	3.5
Asset turnover (Rev./Avg TA)	10.8	18.4	18.7	19.3	21.2
Leverage (Avg TA/Avg Equity)	1.1	0.9	0.8	0.7	0.6
Adjusted ROAE	24.7	27.0	38.1	30.8	29.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	45.1	119.7	43.6	28.1	23.7
EBITDA	36.1	116.1	38.5	41.0	26.3
Adjusted EPS	43.9	72.8	122.3	13.4	30.3
Profitability & Return ratios (%)					
EBITDA margin	3.9	3.9	3.7	4.1	4.2
EBIT margin	3.0	3.2	3.1	3.5	3.5
Adjusted profit margin	2.1	1.6	2.5	2.2	2.4
Adjusted ROAE	24.7	27.0	38.1	30.8	29.7
ROCE	21.5	23.4	30.7	25.9	25.4
Working capital days (days)					
Receivables	48	65	66	65	65
Inventory	35	37	40	39	39
Payables	84	102	102	100	100
Ratios (x)					
Gross asset turnover	10.5	15.6	16.0	15.1	15.1
Current ratio	1.0	1.0	1.1	1.1	1.1
Net interest coverage ratio	7.2	7.9	13.8	26.4	94.6
Adjusted debt/equity	0.3	0.2	0.1	0.1	0.0

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

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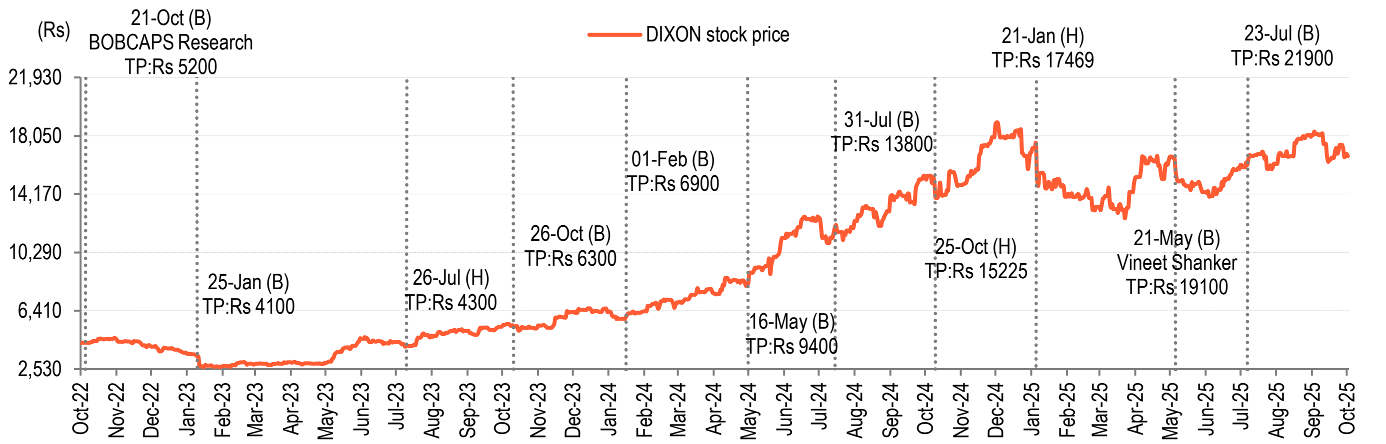
Note: Recommendation structure changed with effect from 21 June 2021

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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