

HOLD
 TP: Rs 11,200 | ▲ 10%

DIXON TECHNOLOGIES

Consumer Durables

13 May 2026

Soft Q4FY26, demand outlook moderates on input pressure

- Revenue grew 2% YoY to Rs 105.2bn; EBITDA declined 8% YoY with margins contracting 40bps to 3.9%
- Multiple JVs to enhance capabilities; confident of offsetting the absence of mobile PLI in FY27 through backward integration benefits
- Ascribe 45x to Mar-28E EPS to arrive at Mar'27 TP of Rs 11,200; Maintain HOLD

Vineet Shanker
 Research Analyst
 Amey Tupe
 Research Associate
 research@bobcaps.in

Q4 performance reflects margin headwinds: DIXON's Q4FY26 reported that revenue grew 3% YoY to Rs 106bn, and EBITDA rose 9% YoY to Rs 4.9bn. This was aided by a Rs 750mn of fair value gains on its stake in Aditya Infotech. Excluding these gains, revenue grew 2% YoY and EBITDA declined 8% YoY to Rs 4.2bn, with EBITDA margin contracting 40bps YoY to 3.9%. For FY26, the revenue excluding exceptional items grew 26% YoY to Rs 488.9bn, EBITDA rose 24% YoY to Rs 18.9bn, and EBITDA margin remained flat at 3.8%.

Mobile & EMS volume moderates, margin to compress on PLI completion: The Mobile & EMS segment delivered 4% YoY revenue growth to Rs 94.9bn, though revenue declined 3% QoQ. Segment operating profit declined 3% YoY to Rs 3.4bn, with margin moderating to 3.6% from 3.8% in Q4FY25, reflecting the initial impact of mobile PLI expiry, which contributed an estimated 50-70bps of margin support. FY26 segment margin was flat YoY at 3.5%, as scale benefits offset the subsidy roll-off; the near-term margin trajectory will depend on the pace of backward integration across camera modules and displays.

CE&A stabilises sequentially; home appliances margin dips as input costs rise: CE&A revenue was broadly flat YoY at Rs 7.0bn and improved 23% QoQ, though margin moderated to 5.7% from 6.1% in Q4FY25, as the LED TV demand remained subdued. FY26 CE&A revenue declined 19% YoY to Rs 28.9bn, but margin improved 91bps YoY to 4.9%, aided by cost actions and mix. Home Appliances revenue grew 9% YoY to Rs 3.3bn, but margin contracted sharply to 9.4% from 12.3% in Q4FY25, indicating input cost pressure and an adverse mix.

Cut estimates, Maintain HOLD: We cut our FY27-28 PAT estimates by 2% 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 assign a target multiple of 45x to Mar-28E EPS to derive TP of Rs 11,200. Given the limited upside from current levels, we maintain HOLD.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	DIXON IN/Rs 10,138
Market cap	US\$ 6.4bn
Free float	66%
3M ADV	US\$ 78.6mn
52wk high/low	Rs 18,471/Rs 9,600
Promoter/FPI/DII	34%/12%/24%

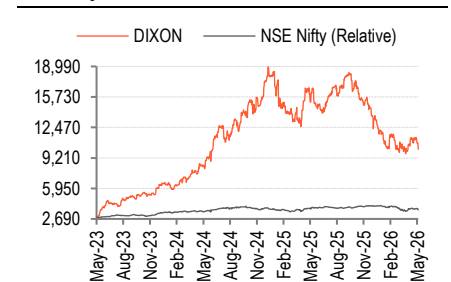
Source: NSE | Price as of 12 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	4,88,728	6,66,596	8,29,195
EBITDA (Rs mn)	18,665	22,937	33,258
Adj. net profit (Rs mn)	14,386	9,726	14,788
Adj. EPS (Rs)	241.6	163.3	248.3
Adj. ROAE (%)	37.4	18.9	23.2
Adj. P/E (x)	42.0	62.1	40.8
EV/EBITDA (x)	32.3	26.3	18.2
Adj. EPS growth (%)	126.4	(32.4)	52.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly & FY26 financial highlights

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	Q4FY26E	Var (%)
Revenue	1,05,105	1,02,925	2	1,06,716	(2)	4,88,728	3,88,601	26	1,08,620	(3)
EBITDA	4,084	4,428	(8)	4,145	(1)	18,665	15,076	24	3,098	32
EBITDA Margin (%)	3.9	4.3	(40bps)	3.9	0bps	3.8	3.9	(10bps)	2.9	103bps
Depreciation	1,050	859		990		3,930	2,810		1,001	5
Interest	237	463		429		1,375	1,544		476	(50)
Other Income	843	113		0		860	202		186	354
PBT	3,640	3,219	13	2,726	34	14,221	10,924	30	1,806	102
Tax	718	1,111		911		4,263	3,372		381	88
Adjusted PAT	2,564	1,504	70	1,559	64	8,116	6,356	28	1,041	146
Exceptional item	-	(2,504)		(1,313)		(6,270)	(4,600)		0	
Reported PAT	2,564	4,008	(36)	2,872	(11)	14,386	10,956	31	1,041	146
Adj. PAT Margin (%)	2.4	1.5	100bps	1.5	100bps	1.7	1.6	0bps	1.0	148bps
EPS (Rs)	49.1	35.4	39	30.5	61	167.2	126.8	32	24	105

Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Segment revenue								
Consumer electronics & appliances	6,970	6,890	1	5,670	23	28,920	35,900	(19)
Home appliances	3,290	3,020	9	3,550	(7)	14,260	13,660	4
Mobile & EMS	94,850	91,020	4	97,500	(3)	4,42,590	3,30,430	34
EBIT								
Consumer electronics & appliances	400	420	(5)	240	67	1430	1450	(1)
EBIT Margin (%)	5.7	6.1	(36bps)	4.2	151bps	4.9	4.0	91bps
Home appliances	310	370	(16)	410	(24)	1580	1500	5
EBIT Margin (%)	9.4	12.3	(283bps)	11.5	(213bps)	11.1	11.0	10bps
Mobile & EMS	3370	3490	(3)	3500	(4)	15540	11500	35
EBIT Margin (%)	3.6	3.8	(28bps)	3.6	(4bps)	3.5	3.5	3bps

Source: Company, BOBCAPS Research

Earnings Call Highlights

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

- Management indicated that memory inflation and demand moderation impacted smartphones over the past six months, though the patterns of ordering are improving. Dixon expects higher double-digit QoQ volume growth in smartphones (FY26 smartphone volumes were ~32-33 mn units), along with 12-15% ASP growth. FY27 domestic volumes are expected to remain broadly similar to FY26, excluding Vivo.
- Ismartu exports will likely ramp up from mid-Q2FY27, largely for feature phones and smartphones targeted at African markets, while HMD smartphone manufacturing has commenced in Q1FY27. Vivo approval remains an important upside trigger and could add ~20-22 mn units on an annualised basis, depending on the timing. Potential mobile PLI 2.0 could add another ~4-5 mn export-led units.

Mobile capacity & customer platforms

- The Longcheer JV's ~400,000 sq ft facility is expected to commence operations by Q3FY27, while the ~1 mn sq ft Noida facility for anchor customers should start by Q2FY27. Management indicated that mobile growth will be driven by exports, higher wallet share with existing customers, and potentially one more large customer addition.

Camera & display modules – Backward integration

- Q Tech camera module capacity is being expanded from ~70-80 mn units to ~180-190 mn units over the next 15-18 months; largely to cater to the captive smartphone volumes. The business generated an annualised revenue of ~Rs 17 bn in FY26 and is targeting to reach ~Rs 25 bn in FY27.
- For the HKC display JV, construction is complete and machinery installation is underway. Trials are expected from Q3FY27, with mass production from end-Q3/early-Q4FY27. Phase 1 capacity includes ~24 mn mobile displays and ~2.4 mn automotive/IT displays, with mobile display capacity expected to scale to ~50-55 mn units over two years.

PLI, margins & pass-through – Near-term pressure

- Management reiterated that the expiry of mobile PLI could impact margins by ~50-70 bps, partly offset by operating efficiencies and backward integration in camera and display modules. Higher memory costs and ASPs may optically dilute percentage margins, but mobile profitability remains largely on a per-unit conversion charge basis.
- EMS businesses remain largely pass-through for commodity and currency fluctuations, while ODM businesses may see a couple of months' lag in passing on the cost hikes.

Telecom & networking – Design-led EMS and export opportunity

- Management has commenced the manufacturing of complex telecom and backhaul microwave radios and plans to initiate exports during FY27. The company has also

commissioned a new manufacturing plant and ramped up its warehousing capacity to support growth.

IT hardware & servers – Inventec JV and component integration

- IT hardware revenue is expected to grow ~3x in FY27 to over Rs 40 bn, on the back of strong order books. Laptop and AIO production have stabilised, desktop manufacturing is expected from Q2FY27, tablets have commenced, SSD manufacturing should start in Q2FY27, and the Inventec JV facility is expected to enter mass production in Q3FY27. Dixon is also evaluating server manufacturing as a data centre infrastructure adjacency.

Home appliances

- Home appliances growth will be supported by fully automatic washing machines, robotic vacuum cleaners and planned additions such as dishwashers, microwaves and kitchen chimneys. The Tirupati facility will add ~0.3 mn units of capacity, including front-load washing machines, by end-Q2FY27.

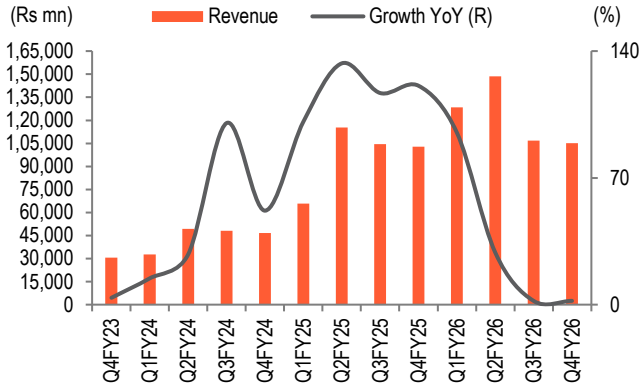
Lighting – Premium mix and exports

- The company has received two export orders for strip lights from a large US retail chain and a European retail chain, with execution likely from Q2FY27. Management clarified that these export orders are not included in the current annual operating plan and could be incremental to the 2x revenue target.

Specialty EMS – Aerospace, defence, automotive, medical and industrial

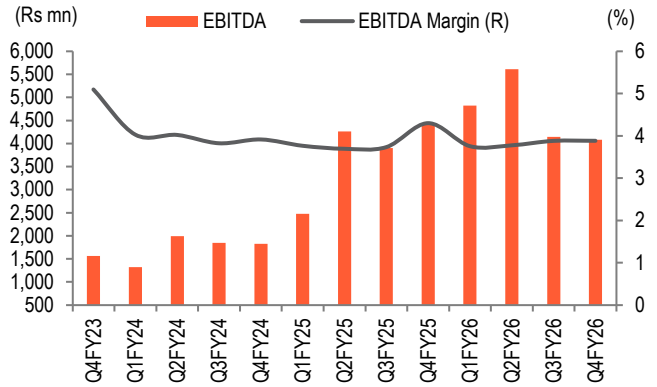
- Management highlighted high-end specialty EMS as the next phase of transformational growth. They have partnered with a leading global consulting firm to design a multi-year strategic roadmap across aerospace, defence, automotive, medical and industrial verticals.
- A senior President/CEO-level hire has been made to build this business. Five micro-verticals have been identified, and a couple of serious inorganic opportunities are already under evaluation. While the management has not budgeted any revenue in FY27 from these opportunities, they expect at least a couple of substantive developments during the current fiscal.
- Management indicated that the combined specialty EMS opportunity could scale to ~Rs 30-40 bn, with significantly higher operating margins vs the existing EMS portfolio and zero dependency on PLI. The company also clarified that the earlier plan for a display fab has moved lower in priority vs these higher return opportunities.

Fig 3 – Revenue growth



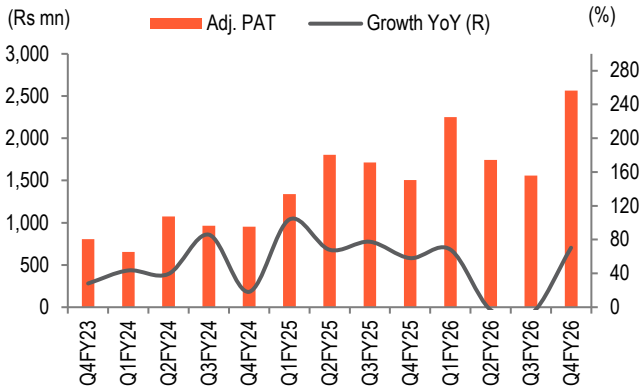
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



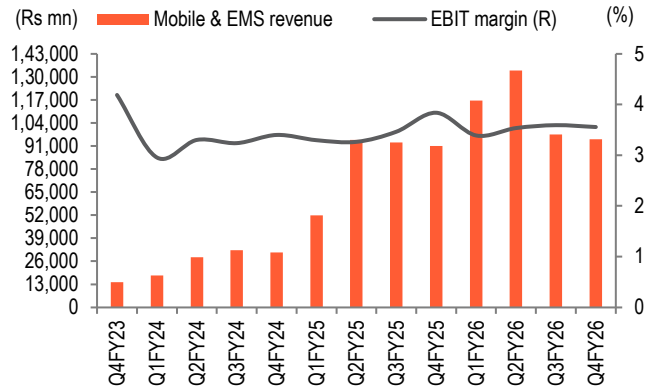
Source: Company, BOBCAPS Research

Fig 5 – PAT growth



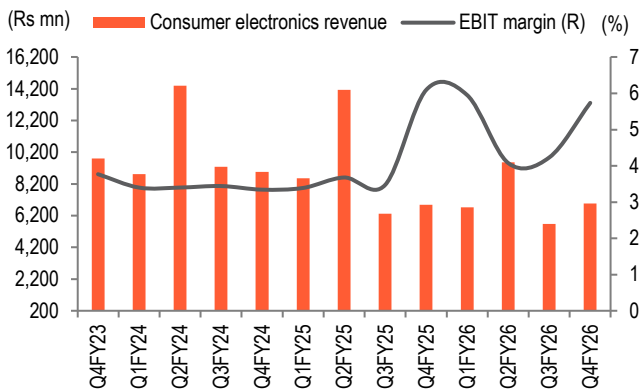
Source: Company, BOBCAPS Research

Fig 6 – Mobiles business growth



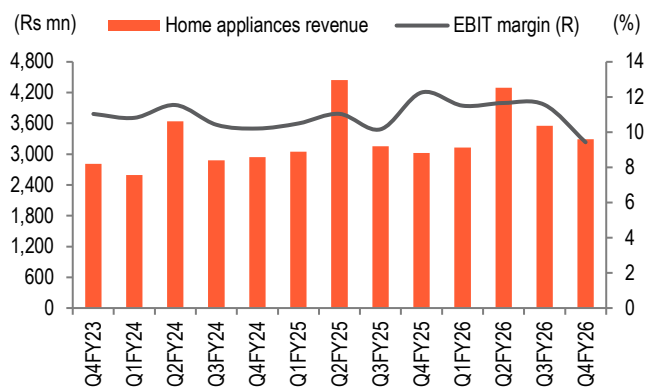
Source: Company, BOBCAPS Research

Fig 7 – CE business growth



Source: Company, BOBCAPS Research

Fig 8 – Home appliances business growth



Source: Company, BOBCAPS Research

Valuation Methodology

We lower our FY27/FY28 PAT estimates by 2%/2% to factor in the elevated memory-price-led margin concerns, delays in the Vivo JV ramp-up, and rising competitive intensity in mobile EMS, partly offset by growth in IT hardware, telecom, and components. We now estimate Revenue/EBITDA/PAT CAGR of 19%/24%/8% over FY26-28E and assign a target multiple of 45x Mar'28E EPS to derive a revised TP of Rs 11,200. Given 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	6,66,596	8,29,195	9,40,856	6,54,520	8,06,570	NA	2	3	NA
EBITDA	22,937	33,258	39,052	23,133	33,336	NA	(1)	0	NA
EBITDA Margin (%)	3.4	4.0	4.2	3.5	4.1	NA	(6bps)	(9bps)	NA
PAT	9,726	14,788	17,450	9,967	15,147	NA	(2)	(2)	NA

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	6,66,596	8,29,195	9,40,856
EBITDA	15,076	18,665	22,937	33,258	39,052
Depreciation	2,810	3,930	3,808	5,614	6,718
EBIT	12,266	14,735	19,129	27,644	32,334
Net interest inc./(exp.)	(1,544)	(1,375)	(2,517)	(2,508)	(2,819)
Other inc./(exp.)	202	867	750	1,000	1,250
Exceptional items	0	6,263	0	0	0
EBT	10,924	12,493	17,362	26,136	30,764
Income taxes	3,372	4,263	4,375	6,586	7,753
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	9,726	14,788	17,450
Adjustments	(4,600)	0	0	0	0
Adjusted net profit	6,356	14,386	9,726	14,788	17,450

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,08,837	1,07,222	1,82,629	2,15,818	2,44,880
Other current liabilities	15,395	18,023	25,568	31,805	36,088
Provisions	0	0	0	0	0
Debt funds	6,710	9,942	10,942	11,942	10,442
Other liabilities	6,626	9,663	13,360	18,660	24,775
Equity capital	121	122	122	122	122
Reserves & surplus	29,982	46,645	56,252	70,921	88,252
Shareholders' fund	30,102	46,767	56,374	71,043	88,373
Total liab. and equities	1,67,669	1,91,616	2,88,873	3,49,267	4,04,559
Cash and cash eq.	2,635	9,411	4,564	4,115	3,525
Accounts receivables	69,655	65,299	1,20,535	1,52,208	1,77,861
Inventories	39,924	38,365	74,878	93,142	1,15,996
Other current assets	18,730	22,079	23,742	27,261	28,355
Investments	0	0	0	0	0
Net fixed assets	21,091	27,199	40,100	47,986	54,268
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	2,88,873	3,49,267	4,04,559

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	11,498	17,823	3,075	6,370	7,914
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)	3,578	5,181	5,996
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(266)	(1,082)	4,578	6,181	4,496
Chg in cash & cash eq.	(1,057)	4,236	(4,847)	(449)	(590)
Closing cash & cash eq.	2,635	9,411	4,564	4,115	3,525

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	184.0	241.6	163.3	248.3	293.0
Adjusted EPS	106.7	241.6	163.3	248.3	293.0
Dividend per share	8.0	10.0	2.0	2.0	2.0
Book value per share	505.5	785.3	946.7	1,193.0	1,484.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.6	1.2	0.9	0.7	0.6
EV/EBITDA	40.0	32.3	26.3	18.2	15.5
Adjusted P/E	95.0	42.0	62.1	40.8	34.6
P/BV	20.1	12.9	10.7	8.5	6.8

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	58.2	70.2	56.0	56.6	56.7
Interest burden (PBT/EBIT)	89.1	139.1	90.8	94.5	95.1
EBIT margin (EBIT/Revenue)	3.2	3.0	2.9	3.3	3.4
Asset turnover (Rev./Avg TA)	18.4	18.0	16.6	17.3	17.3
Leverage (Avg TA/Avg Equity)	0.9	0.7	0.8	0.8	0.7
Adjusted ROAE	27.0	37.4	18.9	23.2	21.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	119.7	25.8	36.4	24.4	13.5
EBITDA	116.1	23.8	22.9	45.0	17.4
Adjusted EPS	72.8	126.4	(32.4)	52.0	18.0
Profitability & Return ratios (%)					
EBITDA margin	3.9	3.8	3.4	4.0	4.2
EBIT margin	3.2	3.0	2.9	3.3	3.4
Adjusted profit margin	1.6	2.9	1.5	1.8	1.9
Adjusted ROAE	27.0	37.4	18.9	23.2	21.9
ROCE	23.4	29.4	16.4	18.8	17.8
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	14.2	13.3	12.5
Current ratio	1.0	1.1	1.1	1.1	1.1
Net interest coverage ratio	7.9	10.7	7.6	11.0	11.5
Adjusted debt/equity	0.2	0.2	0.2	0.2	0.1

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 (Perpetual)**

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SEBI Depository Participant Registration No: **IN-DP-728-2022**

SEBI Merchant Banker Registration No: **INM000009926**

Phone: +91-22-61389300

Name of the Compliance Officer: Mr. Sameer Khobrekar

Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Manoj Pawar

Email ID: head-customer@bobcaps.in; Phone no: 0+91-22-69417333

Brand Name: **BOBCAPS**

Website: <https://www.bobcaps.in/>

CIN: **U65999MH1996GOI098009**



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

BUY – Expected return >+15%

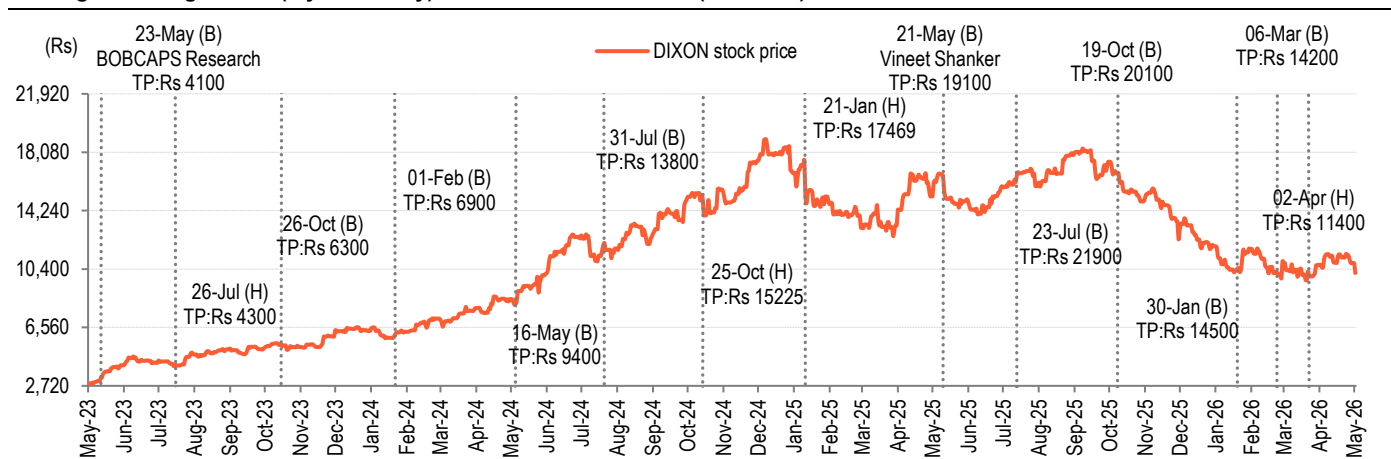
HOLD – Expected return from -6% to +15%

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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