

Dixon Technology

| | |
|---------------------|---------------|
| Estimate change | ↑ |
| TP change | ↑ |
| Rating change | ↔ |
| | |
| Bloomberg | DIXON IN |
| Equity Shares (m) | 61 |
| M.Cap.(INRb)/(USDb) | 974.8 / 11.3 |
| 52-Week Range (INR) | 19150 / 10613 |
| 1,6,12 Rel. Per (%) | 15/1/40 |
| 12M Avg Val (INR M) | 7995 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Sales | 538.8 | 739.4 | 906.4 |
| EBITDA | 20.5 | 29.4 | 37.7 |
| EBITDA Margin (%) | 3.8 | 4.0 | 4.2 |
| PAT | 10.2 | 16.0 | 21.7 |
| EPS (INR) | 169.3 | 265.1 | 359.3 |
| EPS Growth (%) | 44.5 | 56.6 | 35.5 |
| BV/Share (INR) | 661.0 | 918.1 | 1,269 |
| Ratios | | | |
| Net D/E | -0.2 | -0.3 | -0.4 |
| RoE (%) | 29.2 | 33.6 | 32.9 |
| RoCE (%) | 35.9 | 39.2 | 37.7 |
| Payout (%) | 4.7 | 3.0 | 2.2 |
| Valuations | | | |
| P/E (x) | 95.1 | 60.8 | 44.8 |
| P/BV (x) | 24.4 | 17.5 | 12.7 |
| EV/EBITDA (x) | 47.2 | 32.7 | 25.1 |
| Div Yield (%) | 0.0 | 0.0 | 0.0 |

Shareholding Pattern (%)

| As On | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 32.3 | 32.4 | 33.4 |
| DII | 23.1 | 22.6 | 27.0 |
| FII | 21.8 | 23.2 | 17.8 |
| Others | 22.9 | 21.7 | 21.7 |

FII includes depository receipts

CMP: INR16,112

TP: INR22,100 (+37%)

Buy

Spreading wings

Dixon's 1QFY26 revenue/EBITDA/PAT came in ahead of our estimates, with the mobile segment registering a strong growth of 125% YoY. Ismartu integration, improved volumes from existing clients and higher exports led to a YoY jump in mobile volumes during the quarter. The company is following a two-pronged strategy for growth: 1) deepening relationships with existing clients via JVs for enhanced volumes for the long term, and 2) focusing on tie-ups and partnerships with players across components for backward integration. This strategy will provide revenue visibility and improve margin in the coming years. A display facility with HKC, a camera module with Qtech and precision components with Chongqing Yuhai Precision Manufacturing will help Dixon address a larger portion of BoM of smartphone, which should improve margins and customer stickiness for Dixon in the long run. Along with this, a JV with Longcheer and Vivo will add incremental volumes on a sustainable basis for the company. We raise our FY27 estimates by 10% to factor in higher mobile volumes and maintain BUY with a revised PT of INR22,100, based on DCF.

Beat across all parameters

Consolidated revenue grew 95% YoY to INR128.4b (7% beat). Absolute EBITDA rose 95% YoY to INR4.8b (8% beat), while margins were flat YoY at 3.8% (vs. our estimate of 3.7%). Adj. PAT increased 68% YoY to INR2.3b, broadly in line (+4%) with our estimate of INR2.2b. The benefit of lower-than-expected interest cost was more than offset by higher depreciation and lower other income. Among the segments, the mobile and EMS segment registered 125% YoY growth. The consumer electronics segment's performance was driven by a sharp ramp-up in refrigerators, while LED TV remained weak. Lighting products revenue declined 17% YoY, while home appliances revenue inched up only 3% YoY.

Recent tie-ups reinforce the strategy of backward integration

Since the beginning of FY26, Dixon has announced several JVs and partnerships to enhance the scope of backward integration. These include 1) JV with Taiwan-based Inventec named Dixon IT Devices Pvt Ltd to be owned 60% by Dixon and 40% by Inventec for the manufacturing of notebook PC products, servers, desktops and PC components in India, along with access to Inventec's global list of customers; 2) JV agreement with Signify to form a JV company for OEM business of lighting products and corresponding transfer of lighting business of Dixon to the JV company; 3) Agreement with Eureka Forbes for assembly, manufacturing and supply of robotic vacuum cleaners; 4) a binding term sheet with Qtech India and its shareholders for acquiring a 51% stake in Qtech India for a collaboration in manufacturing and distribution of camera and fingerprint modules, IoT and automotive applications; and 5) a binding term sheet with Chongqing Yuhai Precision Manufacturing Co. Ltd. to form a prospective 74:26 JV in India to carry on the business of manufacturing and supply of precision components for laptop, mobile phones, IoT, automotive and any other products, subject to government approvals. With these transactions, Dixon will be able to address a larger BoM across components.

Mobile segment continues to outperform

Mobile volumes for Dixon stood at 9.7m units during 1QFY26 and are expected to grow to 10m-11m in 2QFY26. The company is witnessing improved volume traction from existing clients and is targeting volumes of 42-43m smartphones during the year. During the quarter, Dixon also entered into a contract manufacturing agreement with NxtCell India to manufacture smartphones for the French tech brand Alcatel in the Indian market. Dixon has a capacity of 60m smartphones and has an addressable market of 100m smartphones (excluding Apple, Samsung and in-house volumes of One plus, Oppo and Vivo). Once the approval for Vivo also comes in, the company would scale up its capacity to 80m smartphones. As a result, the scale-up in mobile volumes is expected to be around 60m in FY27. Additional upside to volumes will come from Longcheer JV, which is currently being explored. Longcheer has a large customer base with 25m smartphones in India, and Dixon can potentially benefit from those volumes in a post-PLI scenario. Hence, it is present with almost all the mobile OEMs, except Apple. We expect Dixon to continuously work toward increasing its wallet share with existing clients and improve customer stickiness with backward integration for sustainable volume growth in future too even when mobile PLI gets over.

Targeting increased export volumes

The company recorded export volumes of 1.5m phones for Motorola during FY25 and expects to scale up this number to 8-9m smartphones in FY26. It expects export revenue of nearly INR70b in FY26.

Display facility to become operational in 4QFY26

Dixon's display facility with HKC is expected to commence trial production from 1QFY27. Gradually, the company will target increased volumes for in-house customers from this facility on account of duty arbitrage on components as well as component PLI. With improved acceptance of customers, we expect the display facility to more than offset the decline in mobile segment margins after PLI incentives end. From the display facility capacity, the company expects healthy double-digit margin. Along with this, Q-tech India already supplies camera modules to large mobile players and hence can subsequently add to overall margins once the transaction is completed. In future, precision components will also drive margin improvement.

Other non-mobile segments performance

In 1QFY26, **Consumer Electronics** revenue declined 21% YoY to INR6.7b, primarily due to a drop in LED TV volumes, although this was partially offset by strong performance in the refrigerator business, which more than doubled to INR3.3b (+129% YoY). Despite the revenue drop, the segment's EBITDA grew 38% YoY to INR400m, aided by an improved product mix, a higher share of refrigerator, and a higher contribution from ODM sales, leading to a 260bp margin expansion to 6.0%. **Home Appliances** maintained stable performance with a 3% YoY revenue increase to INR3.13b, driven by steady washing machine demand and new product launches. EBITDA rose 13% YoY to INR360m, with margins improved 90bp to 11.5%, supported by operating leverage. On the other hand, the **Lighting** segment saw a 17% YoY decline in revenue to INR1.9b, as pricing pressures and commoditization impacted demand. This resulted in a 27% YoY fall in EBITDA to INR110m and 80bp contraction in margins to 6.0%.

Planned capex focusing on organic and inorganic growth

Dixon is executing a focused capex strategy of INR11.5b-12b in FY26 to support expansion across key segments. Around INR7.5b-8.0b is allocated to component manufacturing, including the Q Tech JV for camera modules and the HKC JV for display modules, and the balance INR3b-4b would be for capacity expansion, among other things. A 1m sq. ft. mobile plant in Noida is under construction for anchor clients like Vivo, while the display facility will produce 2m mobile and 2m laptop displays monthly, with future expansion planned. In IT hardware, production for HP, Asus, and Lenovo is underway, and the Inventec JV, starting in 4QFY26, is expected to generate INR20b in revenue over two years. With capex funded through internal cash flows and government schemes, Dixon is well-positioned to scale up operations and deepen integration across its value chain.

Financial outlook

We revise our estimates to factor in higher mobile volumes and increased capex, and expect a CAGR of 33%/36%/45% in revenue/EBITDA/PAT over FY25-FY28.

Revenue growth would be mainly driven by mobile segment, while consumer electronics will remain under pressure for some more time. We expect an EBITDA margin of 3.8%/4.0%/4.2% for FY26/FY27/FY28, led by increased focus on backward integration post PLI. This will result in a PAT CAGR of 45% over FY25- FY28E.

Valuation and view

The stock is currently trading at 60.8x/44.8x P/E on FY27/28E earnings. We maintain our BUY rating on the stock with a revised DCF-based TP of INR22,100 (earlier INR20,500). **Reiterate BUY.**

Key risks and concerns

The key risks to our estimates and recommendation would come from the lower-than-expected growth in the market opportunity, loss of relationships with key clients, increased competition, and limited bargaining power with clients.

| Consolidated - Quarterly Earning Model | | | | | | | | | | (INR m) | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | Est |
| | INR m | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | 1QE | Var (%) |
| Gross Sales | 65,798 | 1,15,34 | 1,04,53 | 1,02,92 | 1,28,35 | 1,58,82 | 1,27,64 | 1,24,01 | 3,88,60 | 5,38,84 | 1,19,98 |
| YoY Change (%) | 101.1 | 133.3 | 117.0 | 121.0 | 95.1 | 37.7 | 22.1 | 20.5 | 119.7 | 38.7 | 82.4 |
| Gross Profit | 5,629 | 8,736 | 7,736 | 8,172 | 9,607 | 12,071 | 9,956 | 10,343 | 30,273 | 41,977 | 9,599 |
| Total Expenditure | 63,319 | 1,11,07 | 1,00,63 | 98,498 | 1,23,53 | 1,52,82 | 1,22,82 | 1,19,14 | 3,73,52 | 5,18,32 | 1,15,50 |
| EBITDA | 2,479 | 4,264 | 3,905 | 4,428 | 4,824 | 6,004 | 4,817 | 4,875 | 15,076 | 20,520 | 4,480 |
| Margins (%) | 3.8 | 3.7 | 3.7 | 4.3 | 3.8 | 3.8 | 3.8 | 3.9 | 3.9 | 3.8 | 3.7 |
| Depreciation | 545 | 660 | 746 | 859 | 927 | 913 | 936 | 968 | 2,810 | 3,745 | 858 |
| Interest | 293 | 379 | 409 | 463 | 326 | 406 | 417 | 518 | 1,544 | 1,667 | 397 |
| Other Income | 82 | -57 | 65 | 113 | 17 | 187 | 202 | 381 | 202 | 786 | 204 |
| PBT before EO expense | 1,723 | 3,167 | 2,816 | 3,219 | 3,588 | 4,871 | 3,666 | 3,770 | 10,924 | 15,894 | 3,429 |
| Extra-Ord expense | 0 | 2,096 | 0 | 2,504 | 0 | 0 | 0 | 0 | 4,600 | 0 | 0 |
| PBT | 1,723 | 5,263 | 2,816 | 5,723 | 3,588 | 4,871 | 3,666 | 3,770 | 15,524 | 15,894 | 3,429 |
| Tax | 400 | 1,172 | 689 | 1,111 | 855 | 1,180 | 891 | 951 | 3,372 | 3,877 | 835 |
| Rate (%) | 23.2 | 22.3 | 24.5 | 19.4 | 23.8 | 24.2 | 24.3 | 25.2 | 21.7 | 24.4 | 24.4 |
| MI & P/L of Asso. Cos. | -14 | 193 | 415 | 604 | 483 | 444 | 455 | 433 | 1,197 | 1,815 | 427 |
| Reported PAT | 1,337 | 3,899 | 1,712 | 4,008 | 2,250 | 3,247 | 2,320 | 2,386 | 10,955 | 10,203 | 2,167 |
| Adj PAT | 1,337 | 2,143 | 1,712 | 1,845 | 2,250 | 3,247 | 2,320 | 2,386 | 7,059 | 10,203 | 2,167 |
| YoY Change (%) | 94.3 | 99.7 | 77.5 | 93.9 | 68.3 | 51.5 | 35.5 | 29.3 | 92.0 | 44.5 | 62.1 |
| Margins (%) | 2.0 | 1.9 | 1.6 | 1.8 | 1.8 | 2.0 | 1.8 | 1.9 | 1.8 | 1.9 | 1.8 |

| Y/E March INR m | FY25 | | | | FY26E | | | | FY25 | FY26E |
|--------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | |
| Segmental revenue | | | | | | | | | | |
| Consumer Electronics | 8,550 | 14,130 | 6,330 | 6,890 | 6,720 | 13,657 | 8,862 | 11,866 | 35,900 | 41,105 |
| Lighting Products | 2,270 | 2,330 | 2,010 | 2,000 | 1,880 | 2,680 | 2,714 | 2,815 | 8,610 | 10,088 |
| Home Appliances | 3,050 | 4,440 | 3,150 | 3,020 | 3,130 | 5,550 | 4,410 | 4,859 | 13,660 | 17,949 |
| Mobile Phones | 51,920 | 94,440 | 93,050 | 91,020 | 1,16,630 | 1,36,938 | 1,11,660 | 1,04,475 | 3,30,430 | 4,69,703 |
| Security Systems | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 |
| Total Revenues | 65,798 | 1,15,339 | 1,04,543 | 1,02,935 | 1,28,363 | 1,58,825 | 1,27,646 | 1,24,015 | 3,88,615 | 5,38,845 |
| Segmental EBITDA | | | | | | | | | | |
| Consumer Electronics | 290 | 520 | 220 | 420 | 400 | 528 | 370 | 522 | 1,450 | 1,820 |
| Margin (%) | 3.4 | 3.7 | 3.5 | 6.1 | 6.0 | 3.9 | 4.2 | 4.4 | 4.0 | 4.4 |
| Lighting Products | 150 | 170 | 140 | 150 | 110 | 209 | 201 | 235 | 610 | 755 |
| Margin (%) | 6.6 | 7.3 | 7.0 | 7.5 | 5.9 | 7.8 | 7.4 | 8.4 | 7.1 | 7.5 |
| Home Appliances | 320 | 490 | 320 | 370 | 360 | 611 | 450 | 554 | 1,500 | 1,974 |
| Margin (%) | 10.5 | 11.0 | 10.2 | 12.3 | 11.5 | 11.0 | 10.2 | 11.4 | 11.0 | 11.0 |
| Mobile Phones | 1,710 | 3,080 | 3,220 | 3,490 | 3,950 | 4,656 | 3,796 | 3,568 | 11,530 | 15,970 |
| Margin (%) | 3.3 | 3.3 | 3.5 | 3.8 | 3.4 | 3.4 | 3.4 | 3.4 | 3.5 | 3.4 |
| Security Systems | 9 | 4 | 5 | -2 | 4 | 0 | 0 | -4 | -14 | 0 |
| Margin (%) | 114 | NM | -177 | NM |
| Total EBITDA | 2,479 | 4,264 | 3,905 | 4,428 | 4,824 | 6,004 | 4,817 | 4,875 | 15,076 | 20,520 |
| Margin (%) | 3.8 | 3.7 | 3.7 | 4.3 | 3.8 | 3.8 | 3.8 | 3.9 | 3.9 | 3.8 |

Note: Refrigerator revenue and EBITDA are part of Consumer Electronics Segment



Conference call highlights

- **Mobile phones:** Mobile revenue grew 125% YoY to INR116.6b in the quarter, of which hearables & wearables/telecom/Ismartu/IT Hardware revenue stood at INR1.8b/14.1b/19.9b/2.5b. Growth was led by strong domestic demand, rising export volumes, and deeper engagement with top smartphone brands. Strategic JVs and backward integration into key components like camera and display modules enhanced scale and efficiency. Looking ahead, growth will be driven by the upcoming Noida mega facility, ramp-up from the Vivo JV, and expanding global orders. Dixon targets annual mobile volumes of 60m-65m units, supported by localization and a robust customer base.
- **IT Hardware:** Dixon has started mass production of laptops and AIOs for HP, while Lenovo volumes are scaling steadily. A 60:40 JV with Inventec will manufacture notebooks, desktops, and servers; operations expected to begin by 4QFY26/1QFY27. A separate JV with Chongqing will produce precision mechanical components for IT hardware and smartphones.
- **Consumer Electronics:** The decline in the segment was primarily due to weak LED TV volumes during the quarter. However, management said that 2QFY26 looks promising with a strong order book for LED TVs, especially ahead of the festive season. Dixon expects to ship ~800,000 LED TV units in 2Q, with ~72% of volumes coming from ODM clients. Refrigerator business has scaled to 10% share in the direct cool segment and Dixon is now expanding capacity and entering frost-free and side-by-side segments. With capacity expansion and new product launches in the cooling segment, management is confident of achieving 50% YoY growth in the consumer electronics vertical in FY26.
- **Home Appliances:** The company is enhancing production capacity at its Tirupati and Tamil Nadu units, which are expected to be operational by Aug'25. It has already launched high-capacity semi-automatic washing machines in the 16kg and 18kg categories, with market availability expected by 3QFY26. The company

is in the development phase for front-load washing machines, for which it has recruited a senior Korean R&D expert to lead the project.

- **Lighting:** Dixon's JV with Signify is set to operationalize by the first week of Aug'25, targeting premiumization with a focus on high-value indoor and architectural lighting products. The company has received a pilot export order from a leading US retail chain for LED strip and rope lights, which is being executed in the current quarter and is expected to scale meaningfully.
- **Exports:** In FY25, exports stood at INR16b, which Dixon expects to boost to INR70b in FY26 and to INR110b over the medium term, driven by increased smartphone and component exports. Dixon has already begun exporting smartphones to Africa and expects a significant ramp-up, driven by anchor customers targeting international markets. Export volumes are expected to grow meaningfully, especially as new JVs with Vivo and Longcheer mature.
- **JV:** Dixon is acquiring a 51% stake in **Q Tech India** at a project cost of INR5b, aiming to ramp up its camera module business from INR20b to **INR50b** in the next 4-5 years. QTech had revenue of INR20b, EBITDA margin of 7-7.5% and PAT of INR700m. Dixon, in the next 4-5 years, plans to grow its revenue to INR50b by investing more in capex. Overall enterprise valuation comes at 15x PAT, and the company would incur a cost of INR5.15b for a 51% stake. It is a negotiated valuation and both partners are bringing synergies, with Dixon bringing its customer base and Qtech bringing its expertise in camera modules. With operating leverage, margins can go to 9-9.5%. **Longcheer JV** strengthens Dixon's domestic mobile volumes and offers export and design synergies over time. **Vivo JV**, pending final approvals, is expected to add 18m-20m units annually, helping Dixon reach its mobile volume target of 60m-65m units per year.
- **Non-mobile segment outlook:** Dixon expects its **telecom** segment to scale to INR50b in a year, driven by 5G FWA devices. In **refrigerators**, it targets INR25b, expanding from direct cool into premium categories. **Washing machines** are expected to grow to INR18b-20b with new models and added capacity. The **lighting** JV with Signify is poised to double revenue to INR20b, while **IT hardware** could reach INR30b-35b, backed by JVs with Inventec and Chongqing UI. Growth in **hearables & wearables** remains steady.

Key Exhibits

Exhibit 1: Strong YoY growth in overall revenue

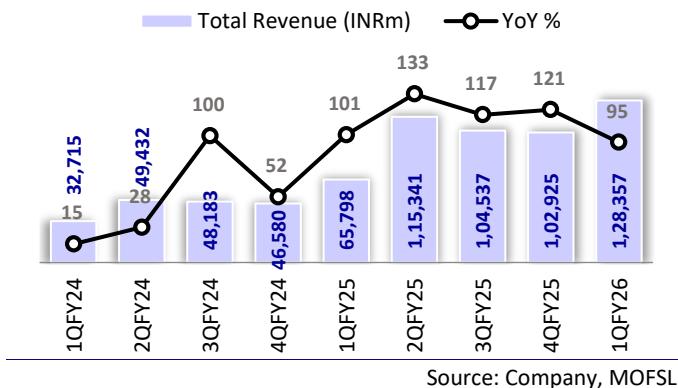


Exhibit 2: Consolidated EBITDA flat YoY in the quarter

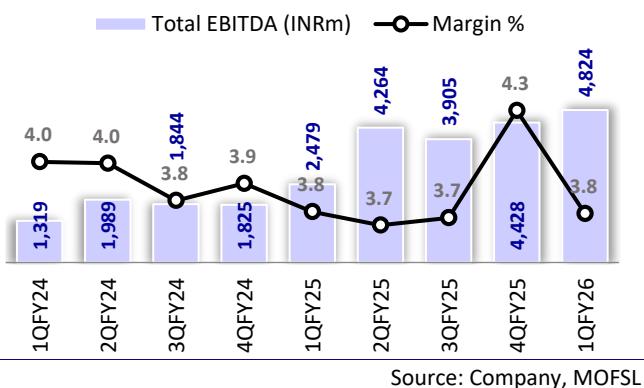


Exhibit 3: Consumer Electronics revenue down 21% YoY

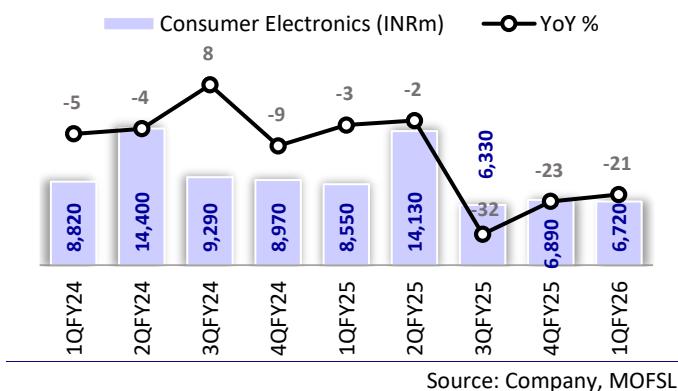


Exhibit 4: Consumer Electronics strong margins maintained

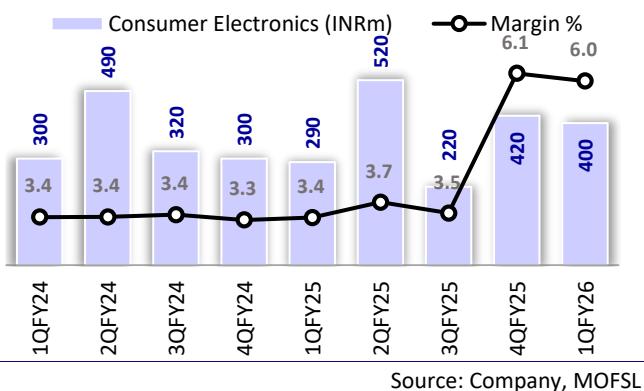


Exhibit 5: Lighting Products revenue down 17% YoY

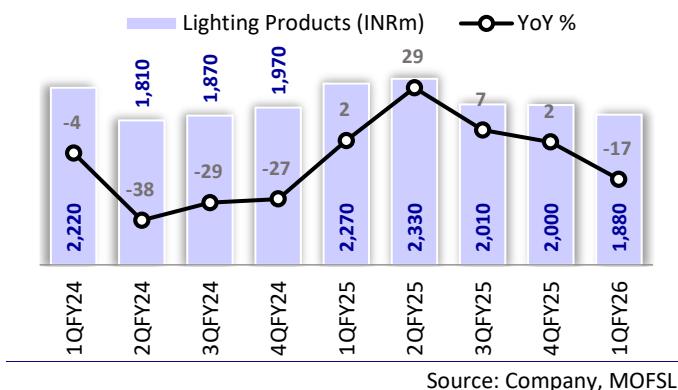


Exhibit 6: Lighting Products margins too declined YoY

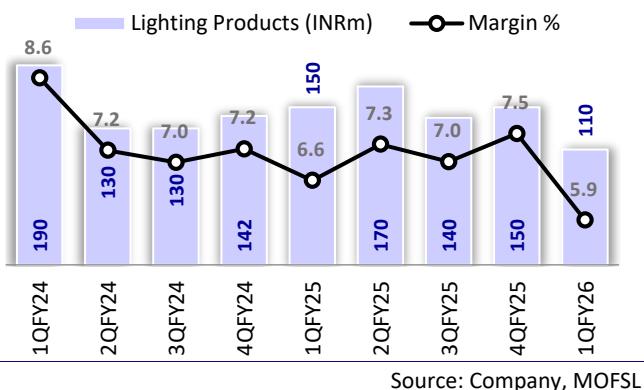


Exhibit 7: Home appliances revenue grew 3% YoY

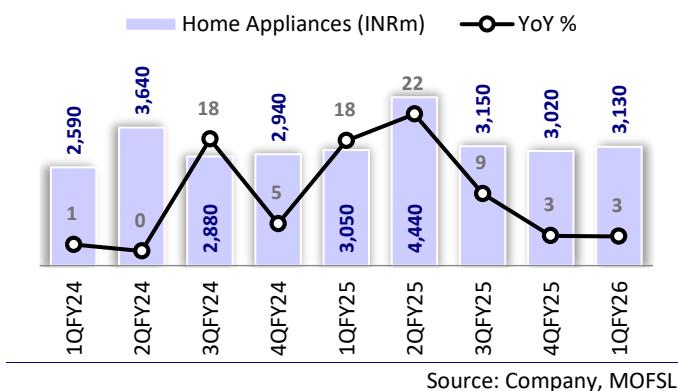


Exhibit 8: Home appliances EBITDA margins improved YoY

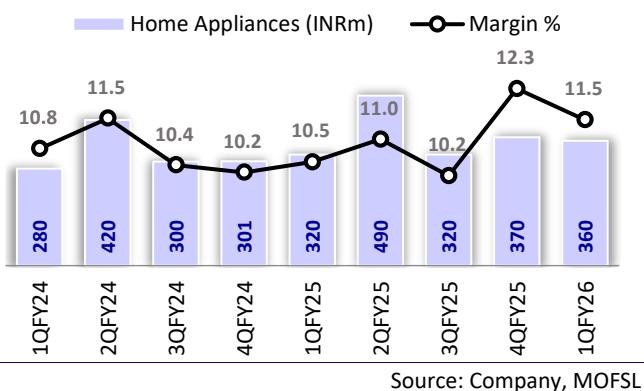


Exhibit 9: Mobile phones revenue jumped 125% YoY, led by higher volumes on Ismartu integration

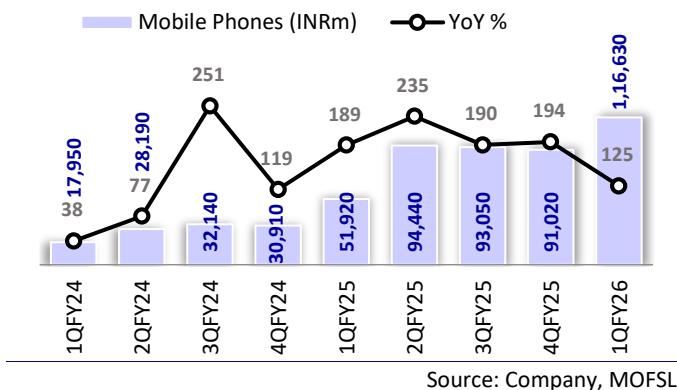


Exhibit 10: Mobile phones EBITDA margin expanded 10bp YoY in the quarter

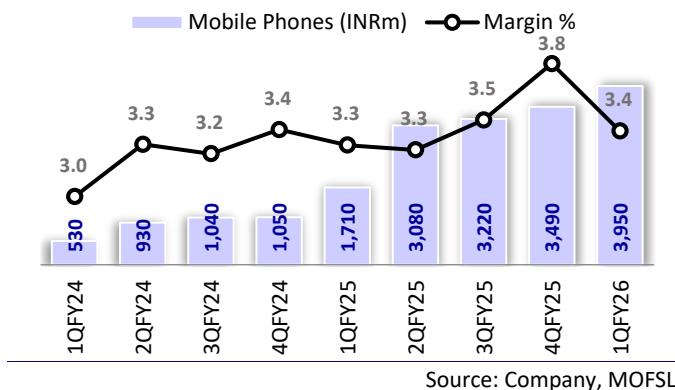


Exhibit 11: Gap between gross margin and EBITDA margin closing, mainly due to increased share of revenue from the Mobile Phones segment

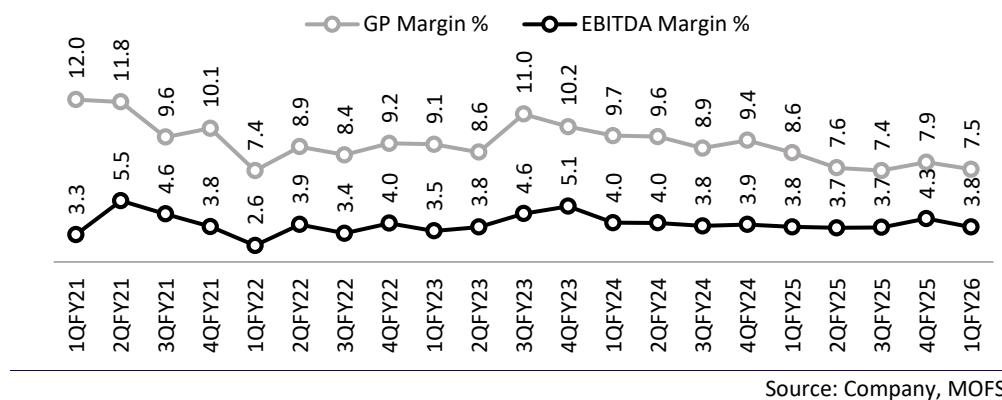


Exhibit 12: Display forms nearly 10% of BoM for LED, and Dixon is in discussions with other players to enter into open cell manufacturing for LED TV (%)

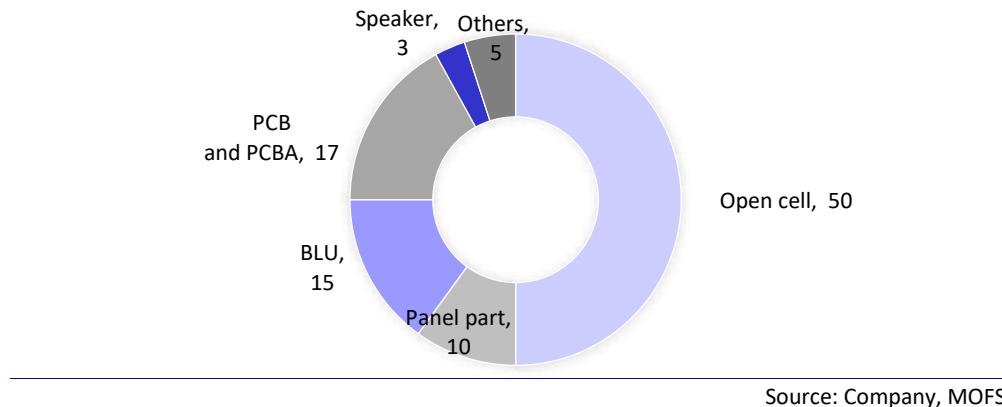


Exhibit 13: Assessment of potential margin expansion from Dixon's own manufacturing of components, such as displays, camera modules, and mechanicals for mobile. Similar improvement possible for TV displays (INR m)

| Incremental benefit from components | FY26E | FY27E | FY28E |
|---|----------|----------|----------|
| Mobile revenues of Dixon | 3,85,554 | 5,30,004 | 6,31,989 |
| BoM of overall mobile - 97% of mobile revenue (a) | 3,73,987 | 5,14,104 | 6,13,029 |
| BoM share that can be taken up by Dixon by display, camera mod, components (%) (b) | 10 | 20 | 30 |
| Value of cost that can be potentially covered by Dixon by new components (a)* (b) = (c) | 37,399 | 1,02,821 | 1,83,909 |
| Acceptance by customers of Dixon's displays and camera modules (%) (d) | 25 | 60 | 70 |
| Revenue made by Dixon from displays and camera modules (c) * (d) | 9,350 | 61,692 | 1,28,736 |
| Margin made by Dixon on components provided - @12% | 1,122 | 7,403 | 15,448 |
| EBITDA ex PLI | 18,720 | 25,687 | 31,490 |
| EBITDA margin ex PLI | 3.5 | 3.5 | 3.5 |
| Incremental addition from components | 1,122 | 7,403 | 15,448 |
| Overall EBITDA ex PLI but with component margin | 19,842 | 33,090 | 46,938 |
| EBITDA margin % | 3.7 | 4.5 | 5.2 |
| Potential improvement in margin from components (bps) | 21 | 100 | 170 |

Source: Company, MOFSL

Exhibit 14: We increase our estimates to factor in higher mobile volumes and higher capex

| (INR m) | FY26E | | | FY27E | | | FY28E |
|------------|----------|----------|---------|----------|----------|---------|----------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) | New |
| Net Sales | 5,38,845 | 5,32,357 | 1.2 | 7,39,407 | 6,71,868 | 10.1 | 9,06,445 |
| EBITDA | 20,520 | 20,196 | 1.6 | 29,410 | 26,600 | 10.6 | 37,688 |
| EBITDA (%) | 3.8 | 3.8 | 0 bp | 4.0 | 4.0 | 0 bp | 4.2 |
| Adj. PAT | 10,203 | 10,162 | 0.4 | 15,975 | 14,557 | 9.7 | 21,651 |
| EPS (INR) | 169 | 169 | 0.2 | 265 | 242 | 9.6 | 359 |

Source: MOFSL

Financial outlook

| INR m | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|
| Consolidated | | | | | | | | | | | |
| Revenue | 28,416 | 29,844 | 44,001 | 64,482 | 1,06,971 | 1,21,920 | 1,76,909 | 3,88,601 | 5,38,845 | 7,39,407 | 9,06,445 |
| Growth YoY (%) | 15.7 | 5.0 | 47.4 | 46.5 | 65.9 | 14.0 | 45.1 | 119.7 | 38.7 | 37.2 | 22.6 |
| EBITDA | 1,120 | 1,349 | 2,231 | 2,866 | 3,791 | 5,128 | 6,976 | 15,076 | 20,520 | 29,410 | 37,688 |
| EBITDA margin (%) | 3.9 | 4.5 | 5.1 | 4.4 | 3.5 | 4.2 | 3.9 | 3.9 | 3.8 | 4.0 | 4.2 |
| RoCE | 23.4 | 18.5 | 25.9 | 23.8 | 19.1 | 20.4 | 25.6 | 34.3 | 36.0 | 39.4 | 37.8 |
| Consumer Electronics | | | | | | | | | | | |
| Revenue | 10,735 | 11,937 | 20,952 | 38,426 | 51,695 | 42,780 | 41,480 | 35,900 | 30,446 | 31,667 | 34,479 |
| Growth YoY (%) | 27.1 | 11.2 | 75.5 | 83.4 | 34.5 | -17.2 | -3.0 | -13.5 | -15.2 | 4.0 | 8.9 |
| EBITDA | 222 | 252 | 503 | 1,028 | 1,246 | 1,306 | 1,410 | 1,450 | 1,021 | 1,062 | 1,156 |
| EBITDA margin (%) | 2.1 | 2.1 | 2.4 | 2.7 | 2.4 | 3.1 | 3.4 | 4.0 | 3.4 | 3.4 | 3.4 |
| Lighting Products | | | | | | | | | | | |
| Revenue | 7,742 | 9,194 | 11,397 | 11,037 | 12,841 | 10,546 | 7,870 | 8,610 | 10,088 | 11,730 | 13,639 |
| Growth YoY (%) | 40.6 | 18.8 | 24.0 | -3.2 | 16.3 | -17.9 | -25.4 | 9.4 | 17.2 | 16.3 | 16.3 |
| EBITDA | 473 | 660 | 977 | 974 | 881 | 904 | 592 | 610 | 755 | 901 | 1,075 |
| EBITDA margin (%) | 6.1 | 7.2 | 8.6 | 8.8 | 6.9 | 8.6 | 7.5 | 7.1 | 7.5 | 7.7 | 7.9 |
| Home Appliances | | | | | | | | | | | |
| Revenue | 2,503 | 3,744 | 3,963 | 4,311 | 7,088 | 11,435 | 12,050 | 13,660 | 17,949 | 21,428 | 25,664 |
| Growth YoY (%) | 33.1 | 49.6 | 5.9 | 8.8 | 64.4 | 61.3 | 5.4 | 13.4 | 31.4 | 19.4 | 19.8 |
| EBITDA | 308 | 370 | 461 | 397 | 541 | 1,094 | 1,301 | 1,500 | 1,974 | 2,357 | 2,823 |
| EBITDA margin (%) | 12.3 | 9.9 | 11.6 | 9.2 | 7.6 | 9.6 | 10.8 | 11.0 | 11.0 | 11.0 | 11.0 |
| Mobile Phone and EMS | | | | | | | | | | | |
| Revenue | 6,698 | 3,549 | 5,369 | 8,395 | 31,383 | 52,243 | 1,09,190 | 3,30,430 | 4,69,703 | 6,60,726 | 8,14,648 |
| Growth YoY (%) | -17.4 | -47.0 | 51.3 | 56.4 | 273.8 | 66.5 | 109.0 | 202.6 | 42.1 | 40.7 | 23.3 |
| EBITDA | 65 | 74 | 191 | 394 | 971 | 1,671 | 3,550 | 11,530 | 15,970 | 24,050 | 31,282 |
| EBITDA margin (%) | 1.0 | 2.1 | 3.6 | 4.7 | 3.1 | 3.2 | 3.3 | 3.5 | 3.4 | 3.6 | 3.8 |
| Security Surveillance Systems | | | | | | | | | | | |
| Revenue | 5 | 963 | 2,164 | 2,178 | 3,964 | 4,918 | 6,330 | | | | |
| Growth YoY (%) | | | 124.7 | 0.7 | 82.0 | 24.1 | 28.7 | | | | |
| EBITDA | 8 | 72 | 63 | 151 | 144 | 119 | | | | | |
| EBITDA margin (%) | 0.8 | 3.3 | 2.9 | 3.8 | 2.9 | 1.9 | | | | | |
| Refrigerator | | | | | | | | | | | |
| Revenue | | | | | | | | 10,659 | 13,857 | 18,014 | |
| Growth YoY (%) | | | | | | | | | 30.0 | 30.0 | |
| EBITDA | | | | | | | | 799 | 1,039 | 1,351 | |
| EBITDA margin (%) | | | | | | | | 7.5 | 7.5 | 7.5 | |

Source: Company, MOFSL

Note: FY25 Refrigerator data is included in Consumer Electronics

Exhibit 15: We expect revenue to grow at a CAGR of 33% over FY25-28 led by mobile and new segments

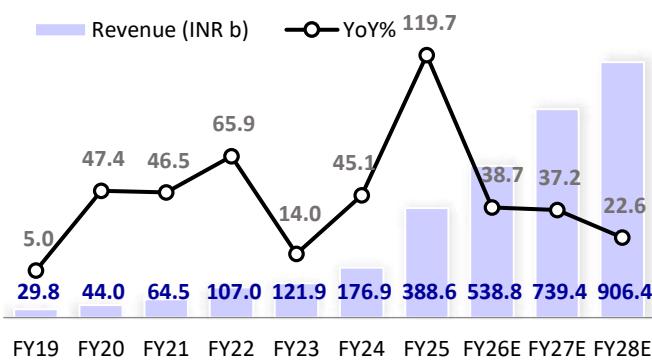
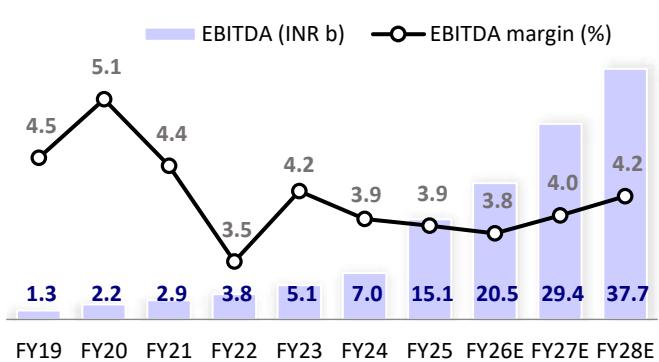


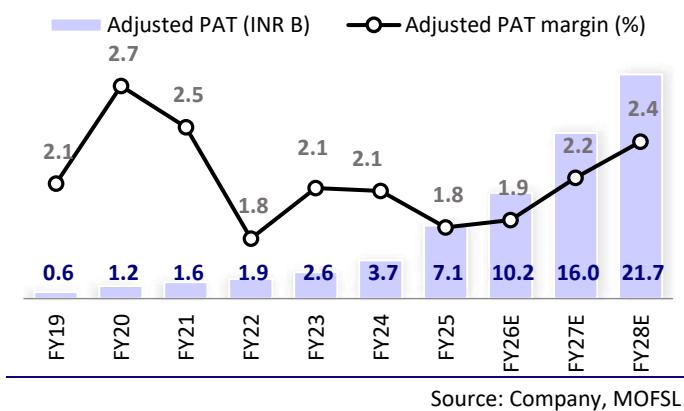
Exhibit 16: We expect EBITDA CAGR of 36% over FY25-28 on focus towards margin improvement



Source: Company, MOFSL

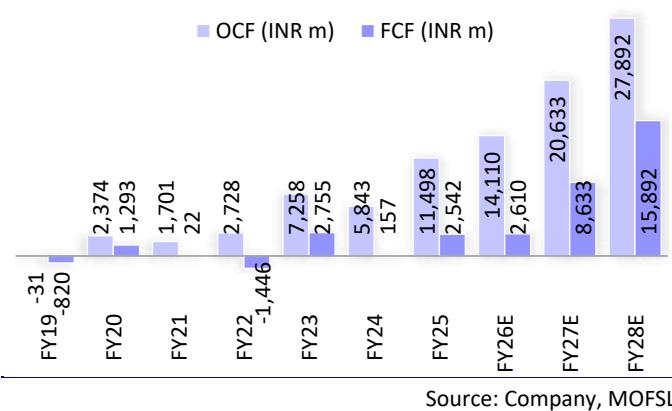
Source: Company, MOFSL

Exhibit 17: We expect PAT CAGR of 45% over FY25-28 led by strong revenue and EBITDA growth



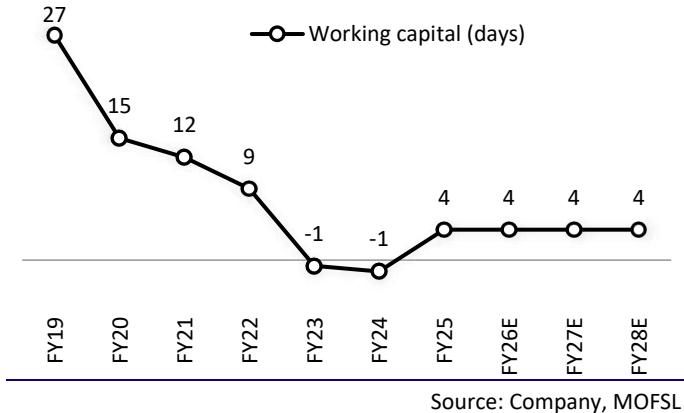
Source: Company, MOFSL

Exhibit 18: We expect OCF and FCF to remain strong as working capital cycle is lean for DIXON



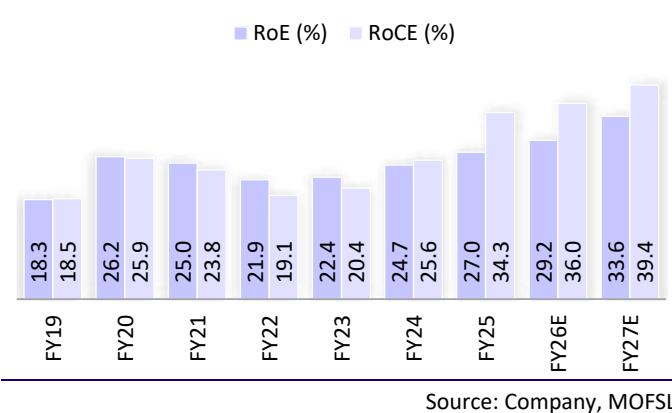
Source: Company, MOFSL

Exhibit 19: We expect NWC cycle to remain lean for DIXON in coming years



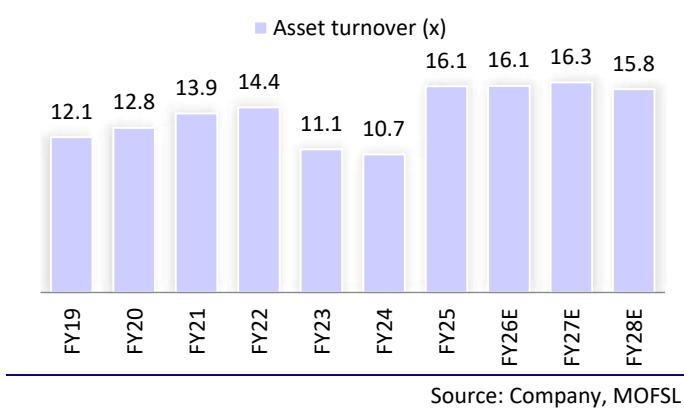
Source: Company, MOFSL

Exhibit 20: We expect RoE/RoCE to improve on continued focus on capital allocation and improved asset turnover



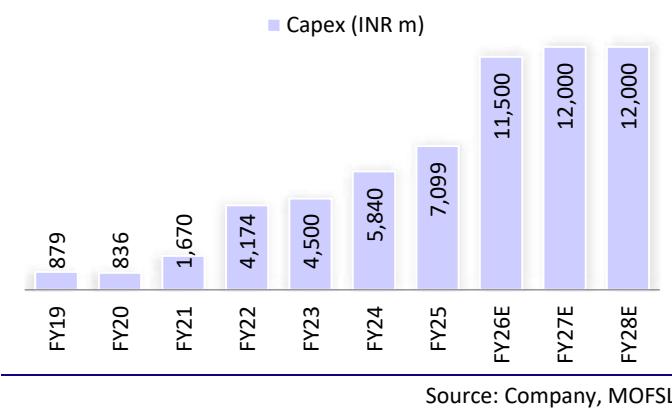
Source: Company, MOFSL

Exhibit 21: Asset turnover to improve on higher share of revenues from mobile and EMS segment



Source: Company, MOFSL

Exhibit 22: We expect company to keep investing in capex for expansion and backward integration



Source: Company, MOFSL

Financials and Valuation

| Consolidated - Income Statement | | | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E Mar | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Total Income from Operations | 44,001 | 64,482 | 1,06,971 | 1,21,920 | 1,76,909 | 3,88,601 | 5,38,845 | 7,39,407 | 9,06,445 |
| Change (%) | 47.4 | 46.5 | 65.9 | 14.0 | 45.1 | 119.7 | 38.7 | 37.2 | 22.6 |
| Raw Materials | 38,602 | 57,697 | 97,792 | 1,10,207 | 1,60,390 | 3,58,328 | 4,96,867 | 6,81,806 | 8,35,831 |
| Gross Profit | 5,399 | 6,785 | 9,178 | 11,713 | 16,520 | 30,273 | 41,977 | 57,601 | 70,614 |
| Employee Cost | 1,180 | 1,371 | 1,978 | 2,517 | 3,327 | 5,674 | 7,868 | 10,797 | 13,236 |
| Other Expenses | 1,989 | 2,548 | 3,409 | 4,069 | 6,217 | 9,523 | 13,589 | 17,395 | 19,690 |
| Total Expenditure | 41,771 | 61,616 | 1,03,180 | 1,16,793 | 1,69,933 | 3,73,525 | 5,18,325 | 7,09,997 | 8,68,757 |
| % of Sales | 94.9 | 95.6 | 96.5 | 95.8 | 96.1 | 96.1 | 96.2 | 96.0 | 95.8 |
| EBITDA | 2,231 | 2,866 | 3,791 | 5,128 | 6,976 | 15,076 | 20,520 | 29,410 | 37,688 |
| Margin (%) | 5.1 | 4.4 | 3.5 | 4.2 | 3.9 | 3.9 | 3.8 | 4.0 | 4.2 |
| Depreciation | 365 | 437 | 840 | 1,146 | 1,619 | 2,810 | 3,745 | 4,918 | 6,120 |
| EBIT | 1,865 | 2,429 | 2,952 | 3,981 | 5,357 | 12,266 | 16,774 | 24,492 | 31,568 |
| Int. and Finance Charges | 350 | 274 | 442 | 606 | 747 | 1,544 | 1,667 | 1,748 | 1,794 |
| Other Income | 52 | 16 | 38 | 56 | 226 | 202 | 786 | 1,221 | 2,269 |
| PBT bef. EO Exp. | 1,568 | 2,170 | 2,548 | 3,432 | 4,836 | 10,924 | 15,894 | 23,965 | 32,043 |
| EO Items | 0 | 0 | 0 | 0 | 0 | 4,600 | 0 | 0 | 0 |
| PBT after EO Exp. | 1,568 | 2,170 | 2,548 | 3,432 | 4,836 | 15,524 | 15,894 | 23,965 | 32,043 |
| Total Tax | 363 | 572 | 644 | 897 | 1,189 | 3,372 | 3,877 | 5,826 | 7,778 |
| Tax Rate (%) | 23.1 | 26.4 | 25.3 | 26.1 | 24.6 | 21.7 | 24.4 | 24.3 | 24.3 |
| Profit share of associates/JV | 0 | 0 | -1 | 16 | 102 | 174 | 191 | 210 | 231 |
| Minority Interest | 0 | 0 | 2 | -4 | 72 | 1,370 | 2,006 | 2,374 | 2,845 |
| Reported PAT | 1,205 | 1,598 | 1,902 | 2,555 | 3,677 | 10,955 | 10,203 | 15,975 | 21,651 |
| Adjusted PAT | 1,205 | 1,598 | 1,902 | 2,555 | 3,677 | 7,059 | 10,203 | 15,975 | 21,651 |
| Change (%) | 90.2 | 32.6 | 19.0 | 34.4 | 43.9 | 92.0 | 44.5 | 56.6 | 35.5 |
| Margin (%) | 2.7 | 2.5 | 1.8 | 2.1 | 2.1 | 1.8 | 1.9 | 2.2 | 2.4 |

| Consolidated - Balance Sheet | | | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Y/E Mar | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Equity Share Capital | 116 | 117 | 119 | 119 | 120 | 121 | 121 | 121 | 121 |
| Total Reserves | 5,298 | 7,256 | 9,849 | 12,730 | 16,829 | 29,982 | 39,702 | 55,195 | 76,364 |
| Net Worth | 5,413 | 7,373 | 9,968 | 12,849 | 16,949 | 30,102 | 39,823 | 55,315 | 76,484 |
| Minority Interest | 0 | 0 | 6 | -3 | 276 | 4,591 | 6,598 | 8,971 | 11,817 |
| Total Loans | 828 | 1,513 | 4,580 | 1,826 | 1,550 | 2,023 | 2,023 | 2,023 | 2,023 |
| Deferred Tax Liabilities | 148 | 184 | 201 | 224 | 240 | 980 | 980 | 980 | 980 |
| Capital Employed | 6,389 | 9,070 | 14,754 | 14,897 | 19,015 | 37,696 | 49,423 | 67,290 | 91,304 |
| Gross Block | 3,982 | 5,269 | 9,586 | 12,291 | 20,633 | 27,732 | 39,232 | 51,232 | 63,232 |
| Less: Accum. Deprn. | 825 | 1,170 | 1,815 | 2,641 | 3,958 | 6,256 | 9,438 | 13,736 | 19,174 |
| Net Fixed Assets | 3,157 | 4,099 | 7,771 | 9,649 | 16,675 | 21,476 | 29,794 | 37,496 | 44,057 |
| Goodwill on Consolidation | 82 | 82 | 303 | 303 | 303 | 570 | 570 | 570 | 570 |
| Capital WIP | 96 | 724 | 224 | 1,197 | 683 | 2,570 | 2,570 | 2,570 | 2,570 |
| Total Investments | 0 | 953 | 1,410 | 442 | 200 | 5,356 | 5,356 | 5,356 | 5,356 |
| Curr. Assets, Loans&Adv. | 13,635 | 22,600 | 33,064 | 35,203 | 52,034 | 1,37,606 | 1,89,625 | 2,64,561 | 3,36,103 |
| Inventory | 4,978 | 7,433 | 11,557 | 9,579 | 16,950 | 39,924 | 55,360 | 75,965 | 93,126 |
| Account Receivables | 5,151 | 10,891 | 13,564 | 17,155 | 23,179 | 69,655 | 96,585 | 1,32,535 | 1,62,475 |
| Cash and Bank Balance | 1,002 | 689 | 1,823 | 2,292 | 2,087 | 2,635 | 4,430 | 12,466 | 28,114 |
| Loans and Advances | 0 | 25 | 4 | 0 | 20 | 0 | 0 | 0 | 0 |
| Other Current Asset | 2,504 | 3,563 | 6,116 | 6,178 | 9,799 | 25,392 | 33,251 | 43,595 | 52,388 |
| Curr. Liability & Prov. | 10,580 | 19,387 | 28,017 | 31,898 | 50,881 | 1,29,881 | 1,78,492 | 2,43,262 | 2,97,352 |
| Account Payables | 9,391 | 17,097 | 23,137 | 24,519 | 40,652 | 1,08,837 | 1,50,916 | 2,07,088 | 2,53,870 |
| Other Current Liabilities | 1,081 | 2,146 | 4,664 | 7,121 | 9,952 | 20,768 | 27,193 | 35,648 | 42,837 |
| Provisions | 109 | 144 | 216 | 258 | 277 | 277 | 383 | 526 | 645 |
| Net Current Assets | 3,054 | 3,213 | 5,047 | 3,306 | 1,153 | 7,725 | 11,133 | 21,298 | 38,751 |
| Appl. of Funds | 6,389 | 9,070 | 14,754 | 14,897 | 19,015 | 37,696 | 49,423 | 67,290 | 91,304 |

Financials and Valuation

Ratios

| Y/E Mar | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Basic (INR) | | | | | | | | | |
| EPS | 20.6 | 27.3 | 32.0 | 42.9 | 61.5 | 117.2 | 169.3 | 265.1 | 359.3 |
| Cash EPS | 26.8 | 34.7 | 46.2 | 62.1 | 88.6 | 163.8 | 231.5 | 346.8 | 460.9 |
| BV/Share | 92.4 | 125.9 | 168.0 | 215.7 | 283.4 | 499.6 | 661.0 | 918.1 | 1,269.4 |
| DPS | 1.2 | 1.0 | 2.0 | 3.0 | 3.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Payout (%) | 5.7 | 3.7 | 6.3 | 7.0 | 4.9 | 7.6 | 4.7 | 3.0 | 2.2 |
| Valuation (x) | | | | | | | | | |
| P/E | 783.1 | 590.5 | 502.8 | 375.6 | 262.0 | 137.5 | 95.1 | 60.8 | 44.8 |
| Cash P/E | 601.0 | 463.7 | 348.8 | 259.3 | 181.9 | 98.4 | 69.6 | 46.5 | 35.0 |
| P/BV | 174.3 | 128.0 | 95.9 | 74.7 | 56.8 | 32.2 | 24.4 | 17.5 | 12.7 |
| EV/Sales | 21.4 | 14.6 | 9.0 | 7.9 | 5.4 | 2.5 | 1.8 | 1.3 | 1.0 |
| EV/EBITDA | 423.0 | 329.6 | 252.9 | 187.1 | 138.0 | 64.4 | 47.2 | 32.7 | 25.1 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FCF per share | 22.1 | 0.4 | -24.4 | 46.3 | 2.6 | 42.2 | 43.3 | 143.3 | 263.8 |
| Return Ratios (%) | | | | | | | | | |
| RoE | 26.2 | 25.0 | 21.9 | 22.4 | 24.7 | 30.0 | 29.2 | 33.6 | 32.9 |
| RoCE | 25.9 | 23.8 | 19.1 | 20.4 | 25.4 | 38.6 | 35.9 | 39.2 | 37.7 |
| RoIC | 28.8 | 29.8 | 24.5 | 26.4 | 29.9 | 44.5 | 39.5 | 44.2 | 46.8 |
| Working Capital Ratios | | | | | | | | | |
| Fixed Asset Turnover (x) | 11.0 | 12.2 | 11.2 | 9.9 | 8.6 | 14.0 | 13.7 | 14.4 | 14.3 |
| Asset Turnover (x) | 6.9 | 7.1 | 7.3 | 8.2 | 9.3 | 10.3 | 10.9 | 11.0 | 9.9 |
| Inventory (Days) | 41 | 42 | 39 | 29 | 35 | 37 | 37 | 37 | 37 |
| Debtor (Days) | 43 | 62 | 46 | 51 | 48 | 65 | 65 | 65 | 65 |
| Creditor (Days) | 78 | 97 | 79 | 73 | 84 | 102 | 102 | 102 | 102 |
| Leverage Ratio (x) | | | | | | | | | |
| Current Ratio | 1.3 | 1.2 | 1.2 | 1.1 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| Interest Cover Ratio | 5.3 | 8.9 | 6.7 | 6.6 | 7.2 | 7.9 | 10.1 | 14.0 | 17.6 |
| Net Debt/Equity | -0.0 | -0.0 | 0.1 | -0.1 | -0.0 | -0.2 | -0.2 | -0.3 | -0.4 |

Consolidated - Cashflow Statement

| Y/E Mar | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | (INR m) FY28E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| OP/(Loss) before Tax | 1,568 | 2,170 | 2,546 | 3,452 | 4,867 | 14,328 | 14,079 | 21,801 | 29,429 |
| Depreciation | 365 | 437 | 840 | 1,146 | 1,619 | 2,810 | 3,745 | 4,918 | 6,120 |
| Interest & Finance Charges | 350 | 274 | 442 | 606 | 747 | 1,544 | 1,667 | 1,748 | 1,794 |
| Direct Taxes Paid | -429 | -549 | -540 | -820 | -1,218 | -2,760 | -3,877 | -5,826 | -7,778 |
| (Inc)/Dec in WC | 423 | -743 | -641 | 2,764 | -88 | -1,816 | -1,504 | -2,008 | -1,672 |
| CF from Operations | 2,277 | 1,590 | 2,646 | 7,148 | 5,927 | 14,106 | 14,110 | 20,633 | 27,892 |
| Others | 97 | 111 | 81 | 109 | -83 | -2,608 | 0 | 0 | 0 |
| CF from Operating incl EO | 2,374 | 1,701 | 2,728 | 7,258 | 5,843 | 11,498 | 14,110 | 20,633 | 27,892 |
| (Inc)/Dec in FA | -1,081 | -1,680 | -4,174 | -4,502 | -5,686 | -8,956 | -11,500 | -12,000 | -12,000 |
| Free Cash Flow | 1,293 | 22 | -1,446 | 2,755 | 157 | 2,542 | 2,610 | 8,633 | 15,892 |
| (Pur)/Sale of Investments | -118 | -978 | -446 | 992 | 346 | -3,208 | 0 | 0 | 0 |
| Others | 28 | 8 | -25 | -45 | 31 | -125 | -110 | -121 | -132 |
| CF from Investments | -1,171 | -2,649 | -4,645 | -3,556 | -5,309 | -12,289 | -11,610 | -12,121 | -12,132 |
| Issue of Shares | 457 | 269 | 642 | 336 | 469 | 1,399 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | -570 | 688 | 3,026 | -2,776 | -276 | 583 | 0 | 0 | 0 |
| Interest Paid | -378 | -322 | -567 | -737 | -494 | -1,219 | -1,667 | -1,748 | -1,794 |
| Dividend Paid | -83 | 0 | -59 | -119 | -179 | -329 | -482 | -482 | -482 |
| Others | 6 | 0 | 0 | 0 | -220 | -700 | 2,006 | 2,374 | 2,845 |
| CF from Fin. Activity | -568 | 635 | 3,043 | -3,296 | -700 | -266 | -142 | 144 | 570 |
| Inc/Dec of Cash | 634 | -313 | 1,126 | 406 | -166 | -1,057 | 2,358 | 8,656 | 16,330 |
| Opening Balance | 367 | 1,002 | 689 | 1,823 | 2,292 | 2,086 | 2,635 | 4,430 | 12,466 |
| Other Bank Balances | 0 | 0 | 8 | 63 | -40 | 1,606 | -563 | -620 | -682 |
| Closing Balance | 1,002 | 689 | 1,823 | 2,292 | 2,086 | 2,635 | 4,430 | 12,466 | 28,114 |

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|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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Nainesh Rajani

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Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|--------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |

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