

BUY

## Dixon Technologies

## Strong Q1; strategic backward integration initiatives under way

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Electronic Manufacturing Services ▶ Result Update ▶ July 23, 2025

CMP (Rs): 16,112 | TP (Rs): 19,000

**Dixon logged a robust Q1, with revenue up 95% YoY (above consensus) led by the Mobile and EMS segment, on strong volume growth across customer brands. The management maintained its FY26/27 smartphone volume guidance of ~40-45/60-65mn units; it also retained its outlook of 120-150bps margin expansion by FY27 in the mobiles segment (implying 70-80bps overall) led by strategic backward integration – a) JV with HKC for display module, b) Q-Tech acquisition for camera modules (consolidation from Q3; revenue likely to grow to Rs50bn in 5Y from Rs19bn in FY25), and c) JV with Chongqing for precision components. Though mobile PLI is set to expire in FY26 (0.6% EBITDAM impact), Dixon would continue enjoying strong competitive advantage on i) scale-led operating leverage, ii) deepening customer relations, iii) benefits from backward integration. The mgmt highlighted that while PCB is not lucrative (on lack of duty arbitrage), PCBA for industrials, automotive application, etc could be a major driver for Dixon's next phase of growth. Dixon remains committed to expanding margin by deepening its value proposition via backward integration. We cut our DCF based TP by ~4% to Rs19,000, to factor in the impact of minority interest from recent/upcoming JVs and acquisitions; maintain BUY.**

**Strong revenue performance (led by mobiles), with EBITDA beat on consensus**

Revenue grew 95% YoY to Rs128.4bn (6% above consensus), led by strong 125% growth in the Mobile and EMS segment (revenue from ISmartU at Rs20bn vs Rs11bn in Q4). Home appliances saw 2.5% YoY growth; the Lighting/Consumer Electronics segment saw 17%/21% decline; Consumer Electronics growth was dragged by TVs, Refrigerators saw robust growth. EBITDA margin declined by 55bps YoY to 3.8% on 40bps gross margin contraction and higher other expenses. Adj PAT grew 68% YoY to Rs2.3bn.

**Earnings Call KTA's**

1) The mgmt upheld its smartphone volume guidance of ~40-45/60-65mn units (ex Samsung) in FY26/27 (28.3mn in FY25), aided by export opportunities from anchor client Motorola as well as ISmartU (exports to Africa commenced), offsetting the regulation-led delay in start of its JV with Vivo to FY27. 2) The mgmt guides to 120-150bps EBITDAM expansion in mobile phones by FY27, led by strategic backward integration. 3) Recently acquired Q-tech (for camera module manufacturing) is among the top-5 globally, and supplies to majors like Vivo, Oppo, and Xiaomi. Domestic market for camera modules is ~470mnpa units (~3.2 modules/phone); Q-tech produced ~40mn units in FY25. Dixon would consume 180-190mn units by FY27 and aims scaling up Q-tech's production. Q-Tech's revenue likely to grow from ~Rs19bn in FY25 to Rs50bn in 5Y, with EBITDAM rising to 9-9.5% in 2-3Y (6.5-7% now). Of the Rs5.5bn investment in Q-Tech, Rs4bn is for 51% stake purchase and Rs1.50bn for capacity expansion; consolidation expected from Q3FY26. 3) PCBA offers a significant opportunity, and the next phase involves building a sourcing base and a strategy focused on industrial, automotive applications. 4) FY26 capex at ~Rs12bn, of which Rs7.5-8bn to be for camera and display modules.

Target Price – 12M	Jun-26
Change in TP (%)	(4.0)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	17.9

Stock Data	DIXON IN
52-week High (Rs)	19,150
52-week Low (Rs)	10,613
Shares outstanding (mn)	60.5
Market-cap (Rs bn)	975
Market-cap (USD mn)	11,287
Net-debt, FY26E (Rs mn)	(1,113.3)
ADTV-3M (mn shares)	0
ADTV-3M (Rs mn)	8,236.5
ADTV-3M (USD mn)	95.4
Free float (%)	67.6
Nifty-50	25,060.9
INR/USD	86.4

**Shareholding, Mar-25**

Promoters (%)	32.3
FPIs/MFs (%)	21.8/23.1

**Price Performance**

(%)	1M	3M	12M
Absolute	14.7	(3.4)	41.9
Rel. to Nifty	14.9	(6.8)	38.8

**1-Year share price trend (Rs)****Dixon Technologies: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	176,909	388,601	533,698	753,837	831,298
EBITDA	6,976	15,076	21,056	32,322	42,293
Adj. PAT	3,677	6,356	10,737	17,460	23,535
Adj. EPS (Rs)	61.5	105.5	178.2	289.8	390.6
EBITDA margin (%)	3.9	3.9	3.9	4.3	5.1
EBITDA growth (%)	36.1	116.1	39.7	53.5	30.8
Adj. EPS growth (%)	43.2	71.5	68.9	62.6	34.8
RoE (%)	24.7	27.0	30.5	35.9	34.5
RoIC (%)	25.0	32.7	36.7	45.7	47.0
P/E (x)	262.0	88.6	90.4	55.6	41.2
EV/EBITDA (x)	138.5	64.1	45.9	29.9	22.8
P/B (x)	56.8	32.2	24.1	17.0	12.2
FCFF yield (%)	-	0.3	0.7	0.8	1.7

Source: Company, Emkay Research

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## Other highlights from the earnings call

## Laptop and IT hardware

- IT hardware facility in Chennai has commenced mass production of laptops and AIOs for HP and ASUS, with the Lenovo order book ramping up steadily. Dixon expects strong growth in coming quarters and remains bullish on the long-term potential of the IT hardware segment.
- Its 60:40 JV with Inventec (among the top-5 PC ODMs globally) for manufacturing notebooks, desktops, and servers is set to become operational by Q1 of next fiscal. Additionally, the JV with Chongqing UI for precision mechanical and metal components will support existing notebook customers and extend to smartphones and other product categories.

## Home Appliances

- Capacity expansion is expected to be completed by Aug-25. Dixon has developed high-capacity semi-automatic washing machines (16kg and 18kg), with commercial launch planned for Q3FY26. Total production capacity is being scaled up from 3mn units to 3.8mn units. A Korean expat has been appointed to lead the project for FAFL WMs.
- A partnership with Eureka Forbes to manufacture robotic vacuum cleaners will further diversify Dixon's product portfolio and its presence in the domestic appliances segment.

## Consumer Electronics

- The LED TV business is showing strong momentum in Q2, with a healthy order book ahead of the festive season and a robust interest from new brands for ODM offerings, which are expected to contribute ~72% of LED TV sales.
- Dixon is actively scaling up capacity, enhancing capabilities for industrial, institutional, and automotive display manufacturing.
- In the refrigerator segment, within just one year of operations, Dixon has captured ~10% market share in the direct cool category. Encouraged by strong demand, Dixon is expanding capacity from 1.2mnpa units to 2mnpa units. Dixon is entering new product segments within the cooling division, including frost-free, side-by-side refrigerators, mini bars, beverage coolers, and others.
- The FY26 outlook is highly promising, backed by a strong order book, and Dixon is confident of achieving 50% revenue growth in this segment.

## Telecom and Networking

- Dixon continues to invest in automation for driving operational excellence across its telecom and networking products portfolio. Dixon is scaling up capacity and enhancing capabilities for 5G FWA (Fixed Wireless Access) devices for its anchor customers. Also, it has a strong order book for both, FWA and ICTV set-top boxes.
- Aligned with its backward integration strategy, Dixon has localized key components such as mouldings and adapters. It is now focusing on other crucial parts to strengthen supply chain resilience, improve cost structures, and drive margin expansion. The company is also in advanced discussions for a JV focused on a crucial component for telecom devices.

## Lighting

- Dixon has entered a 50:50 JV with Signify to pivot away from the highly commoditized and price-sensitive lighting segment, where it previously operated. This partnership enables premiumization, expands volumes, and unlocks access to global markets, supported by a strong pipeline of new and existing products.
- Operations under the Philips brand will commence in August, with expected operating synergies and cost efficiencies. The JV will also introduce premium indoor and incubation lighting, along with export opportunities.
- Dixon has secured a pilot order from a leading US retail chain for strip and rope lighting, with execution planned Q2 onward, and aims to scale this into a meaningful business.

**Exhibit 1: Revenue, EBITDA up 95% YoY; EBITDAM down by ~55bps QoQ (flat YoY) on gross margin contraction and higher other expenses**

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY (%)	QoQ (%)
<b>Revenue</b>	<b>32,715</b>	<b>49,432</b>	<b>48,183</b>	<b>46,580</b>	<b>65,798</b>	<b>1,15,341</b>	<b>1,04,537</b>	<b>1,02,925</b>	<b>128,357</b>	<b>95.1</b>	<b>24.7</b>
<b>Expenditure</b>	<b>31,396</b>	<b>47,443</b>	<b>46,339</b>	<b>44,755</b>	<b>63,319</b>	<b>1,11,077</b>	<b>1,00,632</b>	<b>98,498</b>	<b>123,533</b>	<b>95.1</b>	<b>25.4</b>
as a % of sales	96.0	96.0	96.2	96.1	96.2	96.3	96.3	95.7	96.2		
RM Consumption	29,558	44,691	43,918	42,223	60,169	1,06,605	96,801	94,753	118,750	97.4	25.3
as a % of sales	90.3	90.4	91.1	90.6	91.4	92.4	92.6	92.1	92.5		
Employee Cost	685	953	867	822	1,201	1,483	1,558	1,433	1,692	40.9	18.0
as a % of sales	2.1	1.9	1.8	1.8	1.8	1.3	1.5	1.4	1.3		
Other expenditure	1,154	1,799	1,554	1,710	1,949	2,989	2,273	2,311	3,091	58.6	33.7
as a % of sales	3.5	3.6	3.2	3.7	3.0	2.6	2.2	2.2	2.4		
<b>EBITDA</b>	<b>1,319</b>	<b>1,989</b>	<b>1,844</b>	<b>1,825</b>	<b>2,479</b>	<b>4,264</b>	<b>3,905</b>	<b>4,428</b>	<b>4,824</b>	<b>94.6</b>	<b>8.9</b>
<b>EBITDAM (%)</b>	<b>4.0</b>	<b>4.0</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>4.3</b>	<b>3.8</b>		
Depreciation	337	364	407	510	545	660	746	859	927	70.1	7.9
<b>EBIT</b>	<b>982</b>	<b>1,625</b>	<b>1,437</b>	<b>1,314</b>	<b>1,934</b>	<b>3,604</b>	<b>3,159</b>	<b>3,569</b>	<b>3,897</b>	<b>101.5</b>	<b>9.2</b>
Other Income	29	7	23	167	82	(57)	65	113	17	(79.5)	(85.1)
Interest	140	171	222	214	293	379	409	463	326	11.3	(29.6)
<b>PBT</b>	<b>870</b>	<b>1,461</b>	<b>1,238</b>	<b>1,267</b>	<b>1,723</b>	<b>3,167</b>	<b>2,816</b>	<b>3,219</b>	<b>3,588</b>	<b>108.2</b>	<b>11.5</b>
Total Tax	229	352	287	322	400	1,172	689	1,111	855	113.6	(23.0)
<b>Adjusted PAT</b>	<b>642</b>	<b>1,109</b>	<b>951</b>	<b>945</b>	<b>1,323</b>	<b>1,995</b>	<b>2,127</b>	<b>2,108</b>	<b>2,733</b>	<b>106.6</b>	<b>29.6</b>
Minority Interest	(16)	60	6	21	60	219	450	641	551		
Income from JV/Associates	30	25	19	28	74	26	36	38	68		
<b>Adj PAT after MI</b>	<b>688</b>	<b>1,073</b>	<b>964</b>	<b>952</b>	<b>1,337</b>	<b>1,803</b>	<b>1,712</b>	<b>1,504</b>	<b>2,250</b>	<b>68.3</b>	<b>49.5</b>
Exceptional items	-	-	-	-	-	2,096	-	2,504	-		
<b>Reported PAT</b>	<b>688</b>	<b>1,073</b>	<b>964</b>	<b>952</b>	<b>1,337</b>	<b>3,899</b>	<b>1,712</b>	<b>4,008</b>	<b>2,250</b>	<b>68.3</b>	<b>(43.9)</b>
Adjusted EPS (Rs)	<b>11.6</b>	<b>18.0</b>	<b>16.2</b>	<b>16.0</b>	<b>22.4</b>	<b>30.1</b>	<b>28.6</b>	<b>25.2</b>	<b>37.3</b>	<b>67.0</b>	<b>48.4</b>

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	YoY (bps)	QoQ (bps)
EBITDAM	4.0	4.0	3.8	3.9	3.8	3.7	3.7	4.3	3.8	(1)	(54)
EBITM	3.0	3.3	3.0	2.8	2.9	3.1	3.0	3.5	3.0	10	(43)
EBTM	2.7	3.0	2.6	2.7	2.6	2.7	2.7	3.1	2.8	18	(33)
PATM	2.0	2.2	2.0	2.0	2.0	1.7	2.0	2.0	2.1	12	8
Effective Tax rate	26.3	24.1	23.2	25.4	23.2	37.0	24.5	34.5	23.8	60	(1,068)

Source: Company, Emkay Research

**Exhibit 2: Actual vs Estimates**

(Rs mn)	Emkay	Actual	% Variance	Consensus	% Variance
Net sales	115,656	128,357	11.0	121,547	5.6
EBITDA	4,230	4,824	14.0	4,609	4.7
Margin (%)	3.7	3.8	10 bps	3.8	-3 bps
Adj net income	1,780	2,250	26.4	2,214	1.6

Source: Company, Emkay Research

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**Exhibit 3: Growth was driven by the Mobile and EMS segment (incl ramp up in the IT and Hardware business); QoQ margin falls across segments**

Revenue (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
<b>Consumer Electronics</b>	<b>8,820</b>	<b>14,400</b>	<b>9,290</b>	<b>8,970</b>	<b>8,550</b>	<b>14,130</b>	<b>6,330</b>	<b>6,890</b>	<b>6,720</b>	(21.4)	(2.5)
Growth YoY (%)	-5	-4	8	-9	-3	-2	-32	-23	-21		
<b>Lighting Products</b>	<b>2,220</b>	<b>1,810</b>	<b>1,870</b>	<b>1,970</b>	<b>2,275</b>	<b>2,330</b>	<b>2,010</b>	<b>1,987</b>	<b>1,880</b>	(17.4)	(5.4)
Growth YoY (%)	-4	-38	-29	-27	2	29	7	1	-17		
<b>Home appliances</b>	<b>2,590</b>	<b>3,640</b>	<b>2,880</b>	<b>2,940</b>	<b>3,053</b>	<b>4,441</b>	<b>3,150</b>	<b>3,020</b>	<b>3,130</b>	2.5	3.6
Growth YoY (%)	1	0	18	5	18	22	9	3	3		
<b>Mobiles and EMS</b>	<b>17,950</b>	<b>28,190</b>	<b>32,140</b>	<b>30,910</b>	<b>51,920</b>	<b>94,440</b>	<b>93,050</b>	<b>91,025</b>	<b>116,630</b>	124.6	28.1
Growth YoY (%)	38	77	251	119	189	235	190	194	125		
<b>Security systems</b>	<b>1,140</b>	<b>1,400</b>	<b>2,000</b>	<b>1,790</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-
Growth YoY (%)	-13	18	69	44	-100	-100	-100	-100	#DIV/0!		
<b>Total</b>	<b>32,720</b>	<b>49,440</b>	<b>48,180</b>	<b>46,580</b>	<b>65,798</b>	<b>1,15,341</b>	<b>1,04,540</b>	<b>1,02,922</b>	<b>128,360</b>	95.1	24.7
Growth YoY (%)	15	28	100	52	101	133	117	121	95		

Revenue Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Consumer Electronics	27.0	29.1	19.3	19.3	13.0	12.3	6.1	6.7	5.2
Lighting Products	6.8	3.7	3.9	4.2	3.5	2.0	1.9	1.9	1.5
Home appliances	7.9	7.4	6.0	6.3	4.6	3.9	3.0	2.9	2.4
Mobiles and EMS	54.9	57.0	66.7	66.4	78.9	81.9	89.0	88.4	90.9
Security systems	3.5	2.8	4.2	3.8	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>								

EBITDA (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
<b>Consumer Electronics</b>	<b>300</b>	<b>490</b>	<b>320</b>	<b>300</b>	<b>290</b>	<b>520</b>	<b>220</b>	<b>418</b>	<b>400</b>	37.9	(4.3)
EBITDA margin (%)	3.4	3.4	3.4	3.3	3.4	3.7	3.5	6.1	6.0	256bps	-11bps
<b>Lighting Products</b>	<b>190</b>	<b>130</b>	<b>130</b>	<b>142</b>	<b>155</b>	<b>171</b>	<b>140</b>	<b>150</b>	<b>110</b>	(29.0)	(26.7)
EBITDA margin (%)	8.6	7.2	7.0	7.2	6.8	7.3	7.0	7.5	5.9	-96bps	-170bps
<b>Home appliances</b>	<b>280</b>	<b>420</b>	<b>300</b>	<b>301</b>	<b>324</b>	<b>490</b>	<b>320</b>	<b>370</b>	<b>360</b>	11.1	(2.7)
EBITDA margin (%)	10.8	11.5	10.4	10.2	10.6	11.0	10.2	12.3	11.5	89bps	-75bps
<b>Mobiles and EMS</b>	<b>530</b>	<b>930</b>	<b>1,040</b>	<b>1,050</b>	<b>1,710</b>	<b>3,083</b>	<b>3,225</b>	<b>3,490</b>	<b>3,950</b>	131.0	13.2
EBITDA margin (%)	3.0	3.3	3.2	3.4	3.3	3.3	3.5	3.8	3.4	9bps	-45bps
<b>Security systems</b>	<b>15</b>	<b>20</b>	<b>50</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
EBITDA margin (%)	1.3	1.4	2.5	1.9						-	
<b>Total</b>	<b>1,315</b>	<b>1,990</b>	<b>1,840</b>	<b>1,827</b>	<b>2,479</b>	<b>4,264</b>	<b>3,905</b>	<b>4,428</b>	<b>4,820</b>	140.7	3.8
EBITDA margin (%)	4.0	4.0	3.8	3.9	3.8	3.7	3.7	4.3	3.8	-1bps	-55bps

EBITDA Mix (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Consumer Electronics	22.8	24.6	17.4	16.4	11.7	12.2	5.6	9.4	8.3
Lighting Products	14.4	6.5	7.1	7.8	6.3	4.0	3.6	3.4	2.3
Home appliances	21.3	21.1	16.3	16.5	13.1	11.5	8.2	8.4	7.5
Mobiles and EMS	40.3	46.7	56.5	57.5	69.0	72.3	82.6	78.8	82.0
Security systems	1.1	1.0	2.7	1.9	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>								

Source: Company, Emkay Research; Note: Figures for the consumer electronics segment are including Refrigerators

**Exhibit 4: We expect Dixon's smartphone volume to rise to ~57mn in FY27E vs ~31mn in FY25E**

Dixon – Smartphones (mn units)	FY25E	FY26E	FY27E	Comment
Domestic	<b>34.5</b>	<b>43.5</b>	<b>59.3</b>	
Oppo	4.5	4.5	6.3	On rising wallet share (from ~25% to ~35%)
Vivo	-	-	10.5	To commence from FY27; 40% wallet share by FY27E
One Plus	-	-	-	Not yet a client
Realme	4.8	5.1	5.2	~30% wallet share
Iqoo	-	-	-	Not yet a client
Nokia	0.6	0.6	0.6	Sole supplier
Transsion (Itel, Tecno, Infinix)	5.6	12.1	12.1	0.8-1mn units a month
Motorola	8.0	8.5	8.5	Sole supplier
Xiaomi	4.7	6.3	9.8	Large orderbook, wallet share going up from ~25% to ~45%
Compal/Google	0.0	0.1	0.1	New client
Samsung	6.2	6.2	6.2	~35% wallet share
<b>Exports</b>	<b>2.5</b>	<b>2.5</b>	<b>3.5</b>	<b>Strong plans for Motorola, exports for Transsion, Nokia</b>
Total domestic incl. Samsung	34.5	43.5	59.3	
Total domestic excl. Samsung	28.3	37.3	53.1	
Exports	2.5	2.5	3.5	
Grand total incl. Samsung	<b>37.0</b>	<b>46.0</b>	<b>62.9</b>	
Grand total excl. Samsung	<b>30.8</b>	<b>39.8</b>	<b>56.7</b>	
ASP (Rs/unit)	8,580	9,009	9,550	Rising on 4G to 5G migration, better mix
Smartphone revenue, incl exports (Rs mn)	255,519	356,332	526,795	
Feature phone revenue (Rs mn)	39,780	38,984	38,205	
Total mobile revenue (Rs mn)	295,299	395,316	565,000	

Source: Company, Emkay Research

**Exhibit 5: We estimate ~0.5% impact on EBITDAM in FY27 led by expiry of PLI**

Mobile PLI impact (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	Comment
Consolidated revenues	64,482	106,971	121,920	176,909	388,601	533,698	753,837	
Mobile phone sales ex-job work (mn units)	32.5	55.7	90.8	443.0	622.7	705.9	857.9	
Mobile phone sales (ex-job work, Ismartu and Xiaomi (mn units)	32.5	55.7	90.8	443.0	612.4	687.5	836.1	Not booked PLI in Ismartu (Q2FY25 call) in Q3 for Xiaomi (Q3FY25 call)
Mobile phone revenues (ex-job work, Ismartu and Xiaomi)	5,743	27,778	43,123	93,460	252,258	342,993	497,269	Adjusted for Ismartu and Xiaomi from FY25E
Incremental mobile revenues				15,345	50,337	158,799	90,735	154,276
Mobile PLI incentive rate (%)				3.4	4.0	4.0	4.0	FY25E/FY26E (Year 5/6) at 4%; assumed PLI expiry in Mar-26
Mobile PLI incentive booked				83	520	2,000	6,352	3,629
Consolidated EBITDA	3,791	5,128	6,976	15,076	21,056	32,322		
Consolidated EBITDA margin (%)	3.5	4.2	3.9	3.9	3.9	4.3		
Consol EBITDA less PLI being booked	3,791	5,045	6,456	13,076	14,704	28,693		
Mobile PLI incentive as % of EBITDA				7.5	13.3	30.2	11.2	
Ex-Mobile PLI EBITDA margin (%)	3.5	4.1	3.6	3.4	2.8	3.8		
EBITDAM delta from Mobile PLI	-	0.1	0.3	0.5	1.2	0.5		
<b>Margin delta to be fulfilled (FY27E onwards)</b>							<b>0.5%</b>	
Absolute EBITDA impact from discontinuation of Mobile PLI (from FY26E)							3,629	
<b>EBITDA impact as % of FY27E EBITDA</b>							<b>11%</b>	

Source: Company, Emkay Research This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com) use and downloaded on 2023-07-24.

**Exhibit 6: We build in 50% captive consumption of camera modules by FY30E via the Q-Tech acquisition**

Calculations for Camera Modules manufacturing (mn units)	FY25	FY26E	FY27E	FY28E	FY29E	FY30E Commentary
<b>India Smartphone market size</b>	<b>155.5</b>	<b>157.7</b>	<b>159.7</b>	<b>161.8</b>	<b>164.0</b>	<b>166.2</b> India's smartphone market is ~155mn as of FY25
Growth YoY (%)	7.0	1.4	1.2	1.3	1.4	1.3
No of camera modules/smartphone	3.2	3.2	3.2	3.2	3.2	3.2 Per the management, ~3.2 camera modules are required in each smartphone
<b>Camera Module market in India</b>	<b>498</b>	<b>505</b>	<b>511</b>	<b>518</b>	<b>525</b>	<b>532</b> Accordingly, total camera modules market is ~500mn
Dixon's Smartphone Production	37.0	45.9	62.9	65.6	68.9	72.3
<b>Dixon's camera module requirement</b>	<b>118.3</b>	<b>146.8</b>	<b>201.2</b>	<b>210.1</b>	<b>220.6</b>	<b>231.3</b>
<b>Captive consumption post Q-Tech acquisition (%)</b>	<b>35%</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>	<b>50%</b>	Gradual increase in captive consumption aided by ramp up and capacity expansion at Q-tech
Dixon's implied no of smartphones to be served via captive consumption	16.0	21.9	26.3	31.0	36.1	Dixon's smartphone production to be catered to via backward integration
Q-Tech Production (mn units)	40	51	70	84	99	116 Per the management, Q-tech produced ~40mn modules in FY25
Growth YoY (%)	27.7	37.1	20.0	18.1	16.5	
<b>Q-Tech's implied market share in camera modules</b>	<b>8%</b>	<b>10%</b>	<b>14%</b>	<b>16%</b>	<b>19%</b>	<b>22%</b> Q-Tech's implied market share is ~8% as of FY25
<b>Camera modules ASP (Rs)</b>	<b>496</b>	<b>503</b>	<b>511</b>	<b>518</b>	<b>526</b>	Implied ASP of camera modules based on FY25 534 revenue and production volumes is ~Rs496/unit; built in modest improvement in ASP over FY25-30E
Growth YoY (%)	1.5	1.5	1.5	1.5	1.5	
<b>Revenue</b>	<b>19,826</b>	<b>25,694</b>	<b>35,744</b>	<b>43,549</b>	<b>52,211</b>	<b>61,743</b>
	-18.6	29.6	39.1	21.8	19.9	18.3
<b>EBITDA</b>	1,388	1,927	3,038	3,919	4,960	5,866
<b>EBITDA margin (%)</b>	7.0%	7.5%	8.5%	9.0%	9.5%	9.5% FY25E EBITDA based on management commentary in the earnings call (6.5-7% EBITDAM); built in improvement in margins, led by scale up; Dixon targets 9-9.5% EBITDAM in 2-3Y
<b>PAT</b>	720	1,062	1,513	1,886	2,314	2,798
PAT margin (%)	4%	4.1%	4.2%	4.3%	4.4%	4.5% FY25 PAT based on management commentary in the earnings call (Rs700-720mn); build in improvement in margins led by scale

Source: Company, Emkay Research

## Exhibit 7: Revenue Model – We build in 29%/41%/55% revenue/EBITDA/EPS CAGR, respectively, over FY25-28E

Particulars (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Segmental Revenues</b>								
<b>Mobile and EMS</b>	<b>8,531</b>	<b>31,383</b>	<b>52,243</b>	<b>109,190</b>	<b>330,435</b>	<b>470,194</b>	<b>686,205</b>	<b>760,870</b>
as a % of total revenue	13	29	43	62	85	88	91	92
Growth YoY (%)	54	268	66	109	203	42	46	11
<b>Consumer Electronics</b>	<b>38,426</b>	<b>51,695</b>	<b>42,780</b>	<b>41,480</b>	<b>42,840</b>	<b>38,318</b>	<b>40,038</b>	<b>40,800</b>
as a % of total revenue	60	48	35	23	11	7	5	5
Growth YoY (%)	83	35	(17)	(3)	3	(11)	4	2
<b>Home Appliances</b>	<b>4,312</b>	<b>7,088</b>	<b>11,435</b>	<b>12,050</b>	<b>13,664</b>	<b>15,865</b>	<b>17,670</b>	<b>19,157</b>
as a % of total revenue	7	7	9	7	4	3	2	2
Growth YoY (%)	9	64	61	5	13	16	11	8
<b>Lighting Solutions</b>	<b>11,037</b>	<b>12,841</b>	<b>10,546</b>	<b>7,870</b>	<b>8,602</b>	<b>9,321</b>	<b>9,923</b>	<b>10,471</b>
as a % of total revenue	17	12	9	4	2	2	1	1
Growth YoY (%)	(3)	16	(18)	(25)	9	8	6	6
<b>Security and Surveillance</b>	<b>2,176</b>	<b>3,964</b>	<b>4,918</b>	<b>6,330</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
as a % of total revenue	3	4	4	4	-	-	-	-
Growth YoY (%)	1	82	24	29	-	-	-	-
<b>Consolidated Revenues</b>	<b>64,482</b>	<b>106,971</b>	<b>121,920</b>	<b>176,909</b>	<b>388,601</b>	<b>533,698</b>	<b>753,837</b>	<b>831,298</b>
Growth (%)	47	66	14	45	120	37	41	10
<b>Segmental EBITDA</b>								
<b>Mobile and EMS</b>	<b>406</b>	<b>971</b>	<b>1,670</b>	<b>3,550</b>	<b>11,508</b>	<b>16,618</b>	<b>27,419</b>	<b>37,039</b>
as a % of total EBITDA	14	26	33	51	76	79	85	88
EBITDA margin (%)	4.8	3.1	3.2	3.3	3.5	3.5	4.0	4.9
<b>Consumer Electronics</b>	<b>1,028</b>	<b>1,246</b>	<b>1,310</b>	<b>1,410</b>	<b>1,448</b>	<b>1,961</b>	<b>2,179</b>	<b>2,322</b>
as a % of total EBITDA	36	33	26	20	10	9	7	5
EBITDA margin (%)	2.7	2.4	3.1	3.4	3.4	5.1	5.4	5.7
<b>Home Appliances</b>	<b>397</b>	<b>541</b>	<b>1,090</b>	<b>1,310</b>	<b>1,504</b>	<b>1,778</b>	<b>1,980</b>	<b>2,147</b>
as a % of total EBITDA	14	14	21	19	10	8	6	5
EBITDA margin (%)	9.2	7.6	9.5	10.9	11.0	11.2	11.2	11.2
<b>Lighting Solutions</b>	<b>974</b>	<b>881</b>	<b>910</b>	<b>590</b>	<b>616</b>	<b>699</b>	<b>744</b>	<b>785</b>
as a % of total EBITDA	34	23	18	8	4	3	2	2
EBITDA margin (%)	8.8	6.9	8.6	7.5	7.2	7.5	7.5	7.5
<b>Security and Surveillance</b>	<b>61</b>	<b>152</b>	<b>148</b>	<b>123</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
as a % of total EBITDA	2	4	3	2	-	-	-	-
EBITDA margin (%)	2.8	3.8	3.0	1.9				
<b>Consolidated EBITDA</b>	<b>2,866</b>	<b>3,791</b>	<b>5,128</b>	<b>6,976</b>	<b>15,076</b>	<b>21,056</b>	<b>32,322</b>	<b>42,293</b>
EBITDA margin (%)	4.4	3.5	4.2	3.9	3.9	3.9	4.3	5.1
EBITDA growth (%)	28.5	32.3	35.3	36.1	116.1	39.7	53.5	30.8
Depreciation	437	840	1,146	1,619	2,810	3,542	4,361	5,668
<b>EBIT</b>	<b>2,429</b>	<b>2,952</b>	<b>3,981</b>	<b>5,357</b>	<b>12,266</b>	<b>17,514</b>	<b>27,961</b>	<b>36,625</b>
EBIT margin (%)	3.8	2.8	3.3	3.0	3.2	3.3	3.7	4.4
Other income	16	38	56	226	202	243	291	350
Interest	274	442	606	747	1,544	1,687	1,803	1,915
<b>PBT</b>	<b>2,170</b>	<b>2,548</b>	<b>3,432</b>	<b>4,836</b>	<b>10,924</b>	<b>16,069</b>	<b>26,449</b>	<b>35,060</b>
Tax	572	644	897	1,189	3,372	4,049	6,665	8,835
Tax Rate(%)	26.4	25.3	26.1	24.6	30.9	25.2	25.2	25.2
<b>PAT</b>	<b>1,598</b>	<b>1,902</b>	<b>2,555</b>	<b>3,677</b>	<b>6,356</b>	<b>10,739</b>	<b>17,460</b>	<b>23,535</b>
PAT margin (%)	2.5	1.8	2.1	2.1	1.6	2.0	2.3	2.8
<b>EPS (Rs)</b>	<b>27.3</b>	<b>32.0</b>	<b>42.9</b>	<b>61.5</b>	<b>105.5</b>	<b>178.2</b>	<b>289.8</b>	<b>390.6</b>
Capex	-1,680	-4,174	-4,502	-5,686	-8,956	-8,681	-16,500	-16,875
FCF	22	-1,446	2,755	157	2,541	7,114	7,449	16,529
ROE (%)	25.0	21.9	22.4	24.7	27.0	30.5	35.9	34.5
ROCE (%) - Pre tax	28.7	21.6	23.1	26.8	37.8	35.9	42.8	41.3

Source: Company, Emkay Research

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**Exhibit 8: FY26E/29E EPS remains unchanged; we introduce our FY28 estimates**

(Rs mn)	FY26E				FY27E				FY28E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Revenues	537,158	533,698	(0.6)	37.3	740,009	753,837	1.9	41.2	831,298	10.3
EBITDA	21,190	21,056	(0.6)	39.7	31,634	32,322	2.2	53.5	42,293	30.8
EBITDAM (%)	3.9	3.9	0bps	2bps	4.3	4.3	0bps	9bps	5.1	19bps
Adj PAT	10,778	10,739	(0.4)	69bps	17,625	17,460	(0.9)	62.6	23,535	34.8
Adj EPS (Rs)	178.9	178.2	(0.4)	69.0	292.5	289.8	(0.9)	62.6	390.6	34.8

Source: Company, Emkay Research

## Dixon Technologies: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>176,909</b>	<b>388,601</b>	<b>533,698</b>	<b>753,837</b>	<b>831,298</b>
Revenue growth (%)	45.1	119.7	37.3	41.2	10.3
<b>EBITDA</b>	<b>6,976</b>	<b>15,076</b>	<b>21,056</b>	<b>32,322</b>	<b>42,293</b>
EBITDA growth (%)	36.1	116.1	39.7	53.5	30.8
Depreciation & Amortization	1,619	2,810	3,542	4,361	5,668
<b>EBIT</b>	<b>5,357</b>	<b>12,266</b>	<b>17,514</b>	<b>27,961</b>	<b>36,625</b>
EBIT growth (%)	34.6	128.9	42.8	59.7	31.0
Other operating income	-	-	-	-	-
Other income	226	202	243	291	350
Financial expense	747	1,544	1,687	1,803	1,915
<b>PBT</b>	<b>4,836</b>	<b>10,924</b>	<b>16,069</b>	<b>26,449</b>	<b>35,060</b>
Extraordinary items	0	4,600	0	0	0
Taxes	1,189	3,372	4,049	6,665	8,835
Minority interest	(72)	(1,370)	(1,630)	(2,981)	(3,468)
Income from JV/Associates	102	174	348	658	778
<b>Reported PAT</b>	<b>3,677</b>	<b>10,956</b>	<b>10,737</b>	<b>17,460</b>	<b>23,535</b>
PAT growth (%)	43.9	197.9	(2.0)	62.6	34.8
<b>Adjusted PAT</b>	<b>3,677</b>	<b>6,356</b>	<b>10,737</b>	<b>17,460</b>	<b>23,535</b>
<b>Diluted EPS (Rs)</b>	<b>61.5</b>	<b>105.5</b>	<b>178.2</b>	<b>289.8</b>	<b>390.6</b>
Diluted EPS growth (%)	43.2	71.5	68.9	62.6	34.8
<b>DPS (Rs)</b>	<b>3.0</b>	<b>5.5</b>	<b>8.0</b>	<b>13.0</b>	<b>17.5</b>
<b>Dividend payout (%)</b>	<b>4.9</b>	<b>3.0</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
EBITDA margin (%)	3.9	3.9	3.9	4.3	5.1
EBIT margin (%)	3.0	3.2	3.3	3.7	4.4
Effective tax rate (%)	24.6	30.9	25.2	25.2	25.2
<b>NOPLAT (pre-IndAS)</b>	<b>4,040</b>	<b>8,480</b>	<b>13,100</b>	<b>20,915</b>	<b>27,395</b>
Shares outstanding (mn)	60	60	60	60	60

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	120	121	121	121	121
Reserves & Surplus	16,829	29,982	40,236	56,913	79,391
<b>Net worth</b>	<b>16,949</b>	<b>30,102</b>	<b>40,357</b>	<b>57,033</b>	<b>79,512</b>
Minority interests	276	4,591	6,222	9,203	12,671
Non-current liab. & prov.	259	1,072	1,072	1,072	1,072
<b>Total debt</b>	<b>4,890</b>	<b>6,710</b>	<b>7,353</b>	<b>8,329</b>	<b>8,322</b>
<b>Total liabilities &amp; equity</b>	<b>23,028</b>	<b>43,251</b>	<b>56,069</b>	<b>77,142</b>	<b>103,237</b>
Net tangible fixed assets	16,368	23,876	29,334	39,973	50,804
Net intangible assets	307	307	307	307	307
Net ROU assets	-	-	-	-	-
Capital WIP	683	2,570	2,250	3,750	4,125
Goodwill	303	570	570	570	570
Investments [JV/Associates]	200	5,356	5,356	5,356	5,356
<b>Cash &amp; equivalents</b>	<b>2,087</b>	<b>2,635</b>	<b>8,466</b>	<b>14,595</b>	<b>28,496</b>
Current assets (ex-cash)	46,698	128,819	176,918	249,893	275,571
Current Liab. & Prov.	46,886	124,418	170,874	241,355	266,156
<b>NWC (ex-cash)</b>	<b>(188)</b>	<b>4,401</b>	<b>6,044</b>	<b>8,537</b>	<b>9,415</b>
<b>Total assets</b>	<b>23,028</b>	<b>43,251</b>	<b>56,069</b>	<b>77,142</b>	<b>103,237</b>
Net debt	2,803	4,074	(1,113)	(6,267)	(20,174)
Capital employed	23,028	43,251	56,069	77,142	103,237
<b>Invested capital</b>	<b>19,774</b>	<b>32,139</b>	<b>39,240</b>	<b>52,372</b>	<b>64,081</b>
BVPS (Rs)	283.4	499.6	669.8	946.6	1,319.7
Net Debt/Equity (x)	0.2	0.1	-	(0.1)	(0.3)
Net Debt/EBITDA (x)	0.4	0.3	(0.1)	(0.2)	(0.5)
Interest coverage (x)	7.5	8.1	10.5	15.7	19.3
<b>RoCE (%)</b>	<b>28.3</b>	<b>39.3</b>	<b>37.3</b>	<b>44.0</b>	<b>42.2</b>

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	4,836	15,524	16,417	27,107	35,838
Others (non-cash items)	-	-	-	-	-
Taxes paid	(1,218)	(2,760)	(4,049)	(6,665)	(8,835)
Change in NWC	(88)	(1,816)	(1,559)	(2,366)	(832)
<b>Operating cash flow</b>	<b>5,843</b>	<b>11,497</b>	<b>15,795</b>	<b>23,949</b>	<b>33,404</b>
Capital expenditure	(5,686)	(8,956)	(8,681)	(16,500)	(16,875)
Acquisition of business	366	(3,414)	0	0	0
Interest & dividend income	11	81	243	291	350
<b>Investing cash flow</b>	<b>(5,309)</b>	<b>(12,289)</b>	<b>(8,438)</b>	<b>(16,209)</b>	<b>(16,525)</b>
Equity raised/(repaid)	469	1,399	0	0	0
Debt raised/(repaid)	(496)	(117)	643	976	(7)
Payment of lease liabilities	-	-	-	-	-
Interest paid	(494)	(1,219)	(1,687)	(1,803)	(1,915)
Dividend paid (ind tax)	(179)	(329)	(482)	(784)	(1,057)
Others	-	-	-	-	-
<b>Financing cash flow</b>	<b>(700)</b>	<b>(266)</b>	<b>(1,526)</b>	<b>(1,611)</b>	<b>(2,978)</b>
Net chg in Cash	(166)	(1,058)	5,831	6,129	13,900
OCF	5,843	11,497	15,795	23,949	33,404
Adj. OCF (w/o NWC chg.)	5,931	13,313	17,354	26,315	34,236
FCFF	157	2,541	7,114	7,449	16,529
FCFE	(579)	1,079	5,670	5,937	14,964
OCF/EBITDA (%)	83.8	76.3	75.0	74.1	79.0
FCFE/PAT (%)	(15.7)	9.8	52.8	34.0	63.6
<b>FCFF/NOPLAT (%)</b>	<b>3.9</b>	<b>30.0</b>	<b>54.3</b>	<b>35.6</b>	<b>60.3</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	262.0	88.6	90.4	55.6	41.2
EV/CE(x)	43.7	23.3	17.9	13.0	9.6
P/B (x)	56.8	32.2	24.1	17.0	12.2
EV/Sales (x)	5.5	2.5	1.8	1.3	1.2
EV/EBITDA (x)	138.5	64.1	45.9	29.9	22.8
EV/EBIT(x)	180.4	78.8	55.2	34.6	26.4
EV/IC (x)	48.9	30.1	24.6	18.5	15.1
FCFF yield (%)	-	0.3	0.7	0.8	1.7
FCFE yield (%)	(0.1)	0.1	0.6	0.6	1.5
Dividend yield (%)	-	-	-	0.1	0.1
<b>DuPont-RoE split</b>					
Net profit margin (%)	2.1	1.6	2.0	2.3	2.8
Total asset turnover (x)	8.7	11.7	10.7	11.3	9.2
Assets/Equity (x)	1.4	1.4	1.4	1.4	1.3
<b>RoE (%)</b>	<b>24.7</b>	<b>27.0</b>	<b>30.5</b>	<b>35.9</b>	<b>34.5</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	2.3	2.2	2.5	2.8	3.3
IC turnover (x)	10.9	15.0	15.0	16.5	14.3
<b>RoIC (%)</b>	<b>25.0</b>	<b>32.7</b>	<b>36.7</b>	<b>45.7</b>	<b>47.0</b>
<b>Operating metrics</b>					
Core NWC days	(0.4)	4.1	4.1	4.1	4.1
<b>Total NWC days</b>	<b>(0.4)</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>
Fixed asset turnover	8.8	13.0	13.4	14.6	12.3
Opex-to-revenue (%)	5.4	3.9	3.8	3.7	5.2

Source: Company, Emkay Research

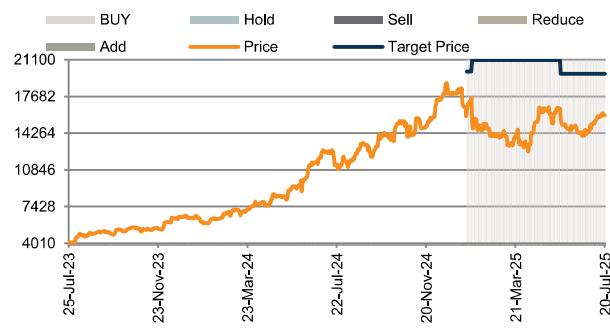
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## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
26-Jun-25	14,315	19,800	Buy	Chirag Jain
21-May-25	15,612	19,800	Buy	Chirag Jain
03-Feb-25	14,486	21,100	Buy	Chirag Jain
21-Jan-25	15,144	21,100	Buy	Chirag Jain
14-Jan-25	16,275	20,000	Buy	Chirag Jain

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>ADD</b>	5-15% upside
<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	>15% downside

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