

# Dixon Technologies

Estimate change



TP change



Rating change

|                       |              |
|-----------------------|--------------|
| Bloomberg             | DIXON IN     |
| Equity Shares (m)     | 61           |
| M.Cap.(INRb)/(USDb)   | 672.9 / 7.1  |
| 52-Week Range (INR)   | 15775 / 9600 |
| 1, 6, 12 Rel. Per (%) | -18/2/-19    |
| 12M Avg Val (INR M)   | 7201         |

## Financials & Valuations (INR b)

| Y/E MARCH         | FY27E | FY28E | FY29E   |
|-------------------|-------|-------|---------|
| Sales             | 742.2 | 948.5 | 1,061.1 |
| EBITDA            | 21.2  | 34.6  | 46.6    |
| EBITDA Margin (%) | 2.9   | 3.6   | 4.4     |
| PAT               | 9.1   | 15.5  | 22.9    |
| EPS (INR)         | 150.4 | 255.7 | 377.2   |
| EPS Growth (%)    | 7.7   | 70.0  | 47.5    |
| BV/Share (INR)    | 1,004 | 1,249 | 1,614   |

## Ratios

|            |      |      |      |
|------------|------|------|------|
| Net D/E    | -0.2 | -0.3 | -0.5 |
| RoE (%)    | 17.0 | 22.7 | 26.3 |
| RoCE (%)   | 21.8 | 30.2 | 33.3 |
| Payout (%) | 6.6  | 4.3  | 3.2  |

## Valuations

|               |      |      |      |
|---------------|------|------|------|
| P/E (x)       | 73.1 | 43.0 | 29.2 |
| P/BV (x)      | 11.0 | 8.8  | 6.8  |
| EV/EBITDA (x) | 31.4 | 18.9 | 13.6 |
| Div Yield (%) | 0.1  | 0.1  | 0.1  |

## Shareholding Pattern (%)

| As On    | Sep-26 | Jun-26 | Sep-25 |
|----------|--------|--------|--------|
| Promoter | 28.5   | 28.6   | 28.9   |
| DII      | 28.7   | 28.4   | 28.9   |
| FII      | 19.0   | 17.9   | 20.7   |
| Others   | 23.8   | 25.2   | 21.5   |

FII includes depository receipts

**CMP: INR11,000**

**TP: INR15,900 (+45%)**

**Buy**

## Benefitting from healthy volumes and pricing improvement

Dixon Technologies' (Dixon) 2QFY27 revenue and PAT came in better than our estimates, while margin was largely in line. The company is continuously gaining market share in mobile segment, with strong mobile volumes of 9.7m for the quarter, up 29% QoQ, despite a 16% YoY decline in overall smartphone market volumes in India. Along with this, we have also seen a strong scale-up in IT hardware and Telecom segments, which benefited from product portfolio expansion and higher realization. Weakness was seen on non-mobile segments. We factor in better realization across segments, along with a slight delay in backward integration on displays. We expect FY28 to see full benefit of backward integration and improved volumes from Vivo-JV, exports and new client addition. We raise our FY27/FY28 estimates by 7%/2% to bake in 1HFY27 performance and slightly lower minority interest. We reiterate our BUY rating with a two-year forward DCF-based TP of INR15,900 (vs. INR15,400 earlier).

## Beat on revenue and PAT, while margin was in line with our estimate

In 2QFY27, Dixon's revenue and adj. PAT came in above our estimates, while EBITDA was broadly in line with our estimates. Consolidated revenue grew 47% YoY to INR218b (6% above our estimate). Beat on estimate was due to better-than-expected execution across segments. Absolute EBITDA increased 6% YoY to INR6b, while margins contracted 110bp YoY to 2.7% vs. our estimate of 2.8%. Adj. PAT increased 19% YoY to INR3b (16% above our estimates). For 1HFY27, revenue/EBITDA/PAT grew 35%/2%/8% YoY, while margin contracted 100bp YoY to 2.8%. For 1HFY27, the company reported operating cash outflow of INR2.8b (vs. an inflow of INR8.8b last year), mainly due to higher NWC requirements, led by a surge in inventory and receivables.

## Smartphone volumes and realizations remained strong in 2QFY27

Mobile and EMS segment revenue grew by 50% YoY, led by growth in smartphone and IT hardware/Telecom segment. Smartphone volumes stood at 9.7m during 2QFY27, and up 29% QoQ. The company has been gaining market share as smartphone industry volumes have declined 16% YoY over the same period. Dixon has maintained its full-year smartphone volume guidance of 33-34m, excluding Vivo JV, for FY27. Volume ramp-up from Vivo JV is slower than our expectations, and we expect contribution to start happening from 4QFY27. For FY28, we expect Dixon to grow volumes through 1) new domestic client addition, which can add up 6-8m incremental volumes, 2) higher exports from anchor client Motorola and Transcion from 3.5m in FY27 to nearly 5-6m in FY28, and 3) 18-20m from Vivo volume addition. We bake in 37.3m/55m smartphone volumes for FY27/28, including Vivo JV volumes. IT hardware and telecom segments are benefitting from volume growth, product portfolio expansion and higher realization. We raise our revenue estimates for Mobile and EMS segments to bake in better-than-expected realization and expect ~93% contribution in overall revenue from this segment.

### IT hardware and Telecom ramp-up driven by volume, prices and product portfolio ramp-up

IT hardware/telecom businesses are scaling up, with 2Q revenue of INR21.6b/INR18.4b. **IT hardware** revenue is targeted at INR60-65b in FY27 and INR150-200b over the next couple of years, supported by increasing customer traction, portfolio expansion, and the 60:40 Inventec JV, which is expected to commence operations in 4QFY27. Laptop and tablet volumes are expected to reach 1.3-1.4m units in FY27 and 1.8-2m units in FY28, with a longer-term target of 4m units. While IT hardware margins currently stand at 2-2.3%, the company is targeting 25-30% BOM localization through backward integration into displays, SSDs and mechanical components, which could support 80-200bp of margin improvement over time. In **telecom**, Dixon is moving toward higher-complexity products, including microwave backhaul radios, optical platforms, industrial radios and network terminals, with exports of microwave radios expected to commence in FY27. GemTech JV, with initial capex of INR500-600m, is expected to begin commercial production in FY28, while discussions for aggregation routers and opportunities in IPTV set-top boxes provide further avenues for portfolio expansion.

### Other non-mobile segments witnessing weak demand

Non-mobile segments such as consumer electronics, refrigerator, lighting are facing challenging times in terms of weak demand and inflationary pressure. Company is introducing new products in each category to improve volumes. Home appliances segment has seen a good volume growth and Dixon already has a 33% market share in this segment. We revise our estimates for these segments to factor in 1HFY27 performance.

### Backward integration initiatives to aid margin in future

EBITDA margin declined 110bp YoY as benefit from PLI1.0 got over from Mar'26 along with higher inflationary pressure across RM and freight costs. Higher realization across segments also impacted demand for non-mobile segments. Mobile and EMS segment margins were down 100bp YoY, while consumer electronics margin was down 50bp YoY and home appliances margin was down 350bp mainly on higher cost of chips. Backward integration for display facility for mobile will commence trial production from 4QFY27 and mass production from FY28. Qtech camera module expansion plan is on track. We factor in delay in backward integration initiatives on display modules and expect margin to start recovering from FY28 onwards as these initiatives yield results. We expect EBITDA margin of 2.9%/3.6%/4.4% for FY27/28/29.

### Financial outlook and view

We raise our FY27/FY28 estimates by 7%/2% to bake in 1HFY27 performance and slightly lower minority interest. We, thus, expect a CAGR of 29%/36%/39% in revenue/EBITDA/PAT over FY26-FY29, with EBITDA margin of 2.9% for FY27, which is expected to increase to 3.6%/4.4% over FY28/29 as backward integration initiatives start factoring in. The stock is currently trading at 73.1x/43.0x/29.2x P/E on FY27/28/29E earnings. **We reiterate our BUY rating with a two-year forward DCF-based TP of INR15,900 (vs INR15,400 earlier).**

### Key risks and concerns

The key risks to our estimates and recommendations would come from 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**

(InR m)

| Y/E March                    | FY26           |                |                |                | FY27E          |                |                |                | FY26           | FY27E          | FY27E          | Est       |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|
| INR m                        | 1Q             | 2Q             | 3Q             | 4Q             | 1Q             | 2Q             | 3QE            | 4QE            |                |                | 2QE            | Var (%)   |
| <b>Gross Sales</b>           | <b>1,28,35</b> | <b>1,48,55</b> | <b>1,06,71</b> | <b>1,05,10</b> | <b>1,55,47</b> | <b>2,17,93</b> | <b>1,63,77</b> | <b>2,05,03</b> | <b>4,88,72</b> | <b>7,42,22</b> | <b>2,05,12</b> | <b>6</b>  |
| YoY Change (%)               | 95.1           | 28.8           | 2.1            | 2.1            | 21.1           | 46.7           | 53.5           | 95.1           | 25.8           | 51.9           | 38.1           |           |
| Total Expenditure            | 1,23,53        | 1,42,93        | 1,02,57        | 1,01,02        | 1,50,84        | 2,11,96        | 1,59,05        | 1,99,15        | 4,70,06        | 7,21,01        | 1,99,38        | 6         |
| <b>EBITDA</b>                | <b>4,824</b>   | <b>5,613</b>   | <b>4,145</b>   | <b>4,084</b>   | <b>4,631</b>   | <b>5,968</b>   | <b>4,723</b>   | <b>5,880</b>   | <b>18,665</b>  | <b>21,203</b>  | <b>5,740</b>   | <b>4</b>  |
| YoY Change (%)               | 94.6           | 31.7           | 6.1            | -7.8           | -4.0           | 6.3            | 14.0           | 44.0           | 23.8           | 13.6           | 2.3            |           |
| Margins (%)                  | 3.8            | 3.8            | 3.9            | 3.9            | 3.0            | 2.7            | 2.9            | 2.9            | 3.8            | 2.9            | 2.8            |           |
| Depreciation                 | 927            | 963            | 990            | 1,050          | 1,070          | 1,101          | 1,260          | 1,260          | 3,930          | 4,690          | 1,168          | -6        |
| Interest                     | 326            | 384            | 429            | 237            | 241            | 260            | 405            | 405            | 1,375          | 1,312          | 326            | -21       |
| Other Income                 | 17             | 30             | 60             | 93             | 90             | 120            | 96             | 69             | 200            | 376            | 89             | 34        |
| <b>PBT before EO expense</b> | <b>3,588</b>   | <b>4,297</b>   | <b>2,786</b>   | <b>2,891</b>   | <b>3,411</b>   | <b>4,728</b>   | <b>3,154</b>   | <b>4,284</b>   | <b>13,561</b>  | <b>15,577</b>  | <b>4,336</b>   | <b>9</b>  |
| Extra-Ord expense            | 0              | 4,927          | 1,253          | 750            | 5,193          | 567            | 0              | 0              | 6,930          | 5,760          | 0              |           |
| <b>PBT</b>                   | <b>3,588</b>   | <b>9,224</b>   | <b>4,039</b>   | <b>3,640</b>   | <b>8,603</b>   | <b>5,295</b>   | <b>3,154</b>   | <b>4,284</b>   | <b>20,491</b>  | <b>21,337</b>  | <b>4,336</b>   | <b>22</b> |
| Tax                          | 855            | 1,779          | 911            | 718            | 1,512          | 1,215          | 774            | 311            | 4,263          | 3,811          | 1,058          | 15        |
| Rate (%)                     | 23.8           | 41.4           | 32.7           | 24.8           | 44.3           | 25.7           | 24.5           | 7.2            | 31.4           | 24.5           | 24.4           |           |
| MI & P/L of Asso. Cos.       | 483            | 746            | 255            | 358            | 458            | 644            | 615            | 906            | 1,842          | 2,622          | 760            | -15       |
| <b>Reported PAT</b>          | <b>2,250</b>   | <b>6,700</b>   | <b>2,873</b>   | <b>2,564</b>   | <b>6,634</b>   | <b>3,437</b>   | <b>1,766</b>   | <b>3,068</b>   | <b>14,386</b>  | <b>14,904</b>  | <b>2,517</b>   | <b>37</b> |
| <b>Adj PAT</b>               | <b>2,250</b>   | <b>2,475</b>   | <b>1,822</b>   | <b>1,945</b>   | <b>2,183</b>   | <b>2,933</b>   | <b>1,766</b>   | <b>2,262</b>   | <b>8,491</b>   | <b>9,144</b>   | <b>2,517</b>   | <b>16</b> |
| YoY Change (%)               | 68.3           | 15.5           | 6.4            | 5.4            | -2.9           | 18.5           | -3.1           | 16.3           | 20.3           | 7.7            | 1.7            |           |
| Margins (%)                  | 1.8            | 1.7            | 1.7            | 1.9            | 1.4            | 1.3            | 1.1            | 1.1            | 1.7            | 1.2            | 1.2            |           |

| Y/E March                | FY26            |                 |                 |                 | FY27E           |                 |                 |                 | FY26            | FY27E           | FY27E           | Est      |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|
| INR m                    | 1Q              | 2Q              | 3Q              | 4Q              | 1Q              | 2Q              | 3QE             | 4QE             |                 |                 | 2QE             | Var (%)  |
| <b>Segmental revenue</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |          |
| Consumer Electronics     | 6,720           | 9,560           | 5,670           | 6,970           | 9,870           | 11,150          | 8,037           | 7,140           | 28,920          | 36,197          | 10,546          | 6        |
| Lighting Products        | 1,880           | 1,090           | 0               | 0               | 0               | 0               | 0               | 0               | 2,970           | 0               | 0               |          |
| Home Appliances          | 3,130           | 4,290           | 3,550           | 3,290           | 3,820           | 5,860           | 4,615           | 4,725           | 14,260          | 19,020          | 4,934           | 19       |
| Mobile Phones            | 1,16,630        | 1,33,610        | 97,500          | 94,850          | 1,41,790        | 2,00,930        | 1,51,125        | 1,93,160        | 4,42,590        | 6,87,005        | 1,89,644        | 6        |
| Security Systems         | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |          |
| <b>Total Revenues</b>    | <b>1,28,363</b> | <b>1,48,550</b> | <b>1,06,724</b> | <b>1,05,115</b> | <b>1,55,477</b> | <b>2,17,936</b> | <b>1,63,777</b> | <b>2,05,032</b> | <b>4,88,728</b> | <b>7,42,222</b> | <b>2,05,123</b> | <b>6</b> |
| <b>Segmental EBITDA</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |          |
| Consumer Electronics     | 400             | 390             | 240             | 400             | 580             | 400             | 321             | 327             | 1,430           | 1,629           | 580             | -31      |
| Margin (%)               | 6.0             | 4.1             | 4.2             | 5.7             | 5.9             | 3.6             | 4.0             | 4.6             | 4.9             | 4.5             | 5.5             |          |
| Lighting Products        | 110             | NA              | 0               | 0               | 0               | NA              | 0               | 0               | 110             | 0               | NA              |          |
| Margin (%)               | 5.9             | NM              | NM              | NM              | NM              | NM              | NM              | NM              | 3.7             | NM              | NM              |          |
| Home Appliances          | 360             | 500             | 410             | 310             | 320             | 480             | 397             | 420             | 1,580           | 1,617           | 419             | 14       |
| Margin (%)               | 11.5            | 11.7            | 11.5            | 9.4             | 8.4             | 8.2             | 8.6             | 8.9             | 11.1            | 8.5             | 8.5             |          |
| Mobile Phones            | 3,950           | 4,720           | 3,500           | 3,370           | 3,730           | 5,090           | 4,005           | 5,132           | 15,540          | 17,957          | 4,741           | 7        |
| Margin (%)               | 3.4             | 3.5             | 3.6             | 3.6             | 2.6             | 2.5             | 2.7             | 2.7             | 3.5             | 2.6             | 2.5             |          |
| Security Systems         | 4               | 3               | -6              | 4               | 1               | -2              | 0               | 1               | 5               | 0               | 0               |          |
| Margin (%)               | NM              | NM              | NM              | NM              | NM              | NM              | NM              | NM              | NM              | NM              | NM              |          |
| <b>Total EBITDA</b>      | <b>4,824</b>    | <b>5,613</b>    | <b>4,145</b>    | <b>4,084</b>    | <b>4,631</b>    | <b>5,968</b>    | <b>4,723</b>    | <b>5,880</b>    | <b>18,665</b>   | <b>21,203</b>   | <b>5,740</b>    | <b>4</b> |
| Margin (%)               | 3.8             | 3.8             | 3.9             | 3.9             | 3.0             | 2.7             | 2.9             | 2.9             | 3.8             | 2.9             | 2.8             |          |

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

## Segmental performance

- **Mobile Phones & Other EMS:** Consolidated revenue of INR201b was up 50% YoY in 2QFY27. Segment's EBITDA stood at INR5.1b, increasing 8% YoY, while EBITDA margin contracted 100bp YoY to 2.5%.
- **Consumer Electronics:** Consolidated revenue of INR11b was up 17% YoY in 2QFY27. Segment's EBITDA stood at INR400m, increasing 3% YoY, while EBITDA margins contracted 50bp YoY to 3.6%.
- **Home Appliances:** Consolidated revenue of INR5.9b was up 37% YoY in 2QFY27. Segment's EBITDA stood at INR480m, decreasing 4% YoY while EBITDA margins contracted 350bp YoY to 8.2%.



## Highlights from the management commentary

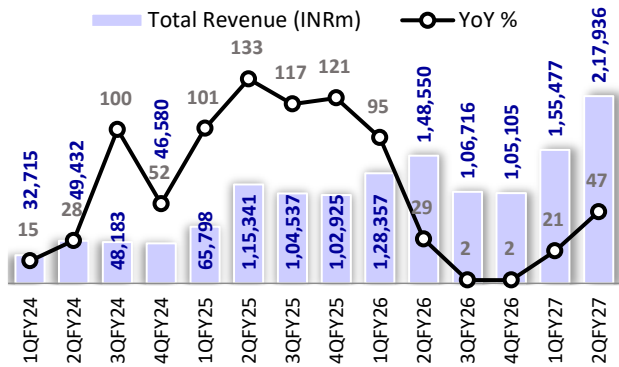
- **Mobile**
  - **Volumes:** Despite a 26% YoY decline in India's smartphone market during 2QFY27, the company was able to maintain its volumes at broadly stable YoY levels. The company manufactured 9.7m smartphones during 2QFY27, taking 1HFY27 volumes to 17.2m units. Realizations were higher as elevated memory prices resulted in a significant increase in smartphone ASPs, with selling prices increasing approximately 35-40% YoY.
  - **Margins and Guidance:** Mobile and IT hardware segment margins continue to be impacted by the PLI expiry and elevated memory prices. While the increase in component costs is automatically passed on to customers, higher selling prices result in a lower reported margin due to the relatively stable per-unit conversion economics.
  - **Vivo JV Update:** The integration process for the Vivo JV is underway, with commercial production targeted to from 4QFY27. Vivo has an estimated 20-22% share of India's smartphone market, translating into an overall annual volume ~30m units, of which management expects 20-21m units to come to the JV. Initial capex for this JV is targeted at INR3-3.5b.
  - **Guidance:** The company expects mobile manufacturing volumes to reach 33-34m units in FY27, excluding Vivo, with 3QFY27 volumes expected at 7-7.5m units and 4QFY27 volumes recovering to approximately 9.5m units. Exports are expected to contribute 3.5-4m units in FY27, with Motorola exports ramping up meaningfully from 4Q onwards under the MPMS scheme. For FY28, incremental volumes are expected from exports, the addition of new brands, and consolidation of Vivo operations, with total volumes, including Vivo, targeted at ~55-60m units.
- **IT Hardware**
  - **Revenue:** The segment reported revenue of INR21.6b in 2QFY27, with the company targeting INR60-65b in FY27 and INR150-200b over the next couple of years. Laptop and Tablet volumes are expected to increase to 1.3-1.4m units in FY27 and 1.8-2m units in FY28, with a longer-term target of 4m units. The INR150-200b revenue opportunity is expected to be driven by laptops, tablets, desktops and related products, and does not include the potential contribution from servers. The company has increased its IT PLI-2.0 investment commitment from INR2.5b under the hybrid category to INR5b under the global category.

- **Margins and Expansion:** Segment margins are currently expected to remain around 2-2.3%. The company is focusing on backward integration to improve value addition, with the objective of localizing ~25-30% of the BOM through manufacturing of displays, SSDs, mechanical components and potentially power supplies. This could improve margins by 80-200bp over time, supported by higher volumes, operating leverage and incremental PLI-2.0 benefits. Desktop manufacturing is expected to commence in 3QFY27, while the SSD manufacturing line has been established and customer trials are underway. The display line has also been set up, with trials expected in 3QFY27. The company is additionally expanding into high-end gaming laptops for a global customer and has secured a sizeable tablet order under a government scheme in Uttar Pradesh.
- **Telecom:** Telecom and networking revenue stood at INR18.4b in 2QFY27. The company expects telecom EBITDA margins to remain in the range of 3-3.2%. Manufacturing of complex microwave backhaul radios for a large global customer has scaled up successfully, with exports expected to commence during FY27. The company is expanding its portfolio beyond conventional customer premises equipment and broadband devices into complex optical platforms, industrial radios, optical network terminals and optical line terminals. It is also in advanced discussions with Tier-1 network equipment OEMs for manufacturing aggregation routers, which are critical for connecting 4G and 5G network infrastructure. Additionally, the company is pursuing opportunities in IP TV set-top boxes through potential IP acquisition.
- **IT and Telecom JVs:** The 60:40 Inventec JV is setting up a facility adjacent to Dixon's Chennai operations, with trials in 3QFY27 and commercial operations in 4QFY27. The GemTech JV will manufacture SFP transceivers and BOSA components for telecom networks, with trials in 4QFY27, commercial production in FY28 and initial capex of INR500-600m under ECMS. Dixon is also exploring advanced packaging and silicon photonics through a separate initiative to tap higher-value AI infrastructure and data center opportunities.
- **Consumer electronics:** The LED TV business continues to face subdued demand, particularly in the mid-range categories due to higher memory prices. However, demand for larger screen televisions of 50 inches and above and premium Mini-LED models has remained relatively healthy. The company believes the current weakness is cyclical and expects demand to improve as industry volumes normalize. Dixon has commenced local Mini-LED production and intends to transition fully towards an ODM model by 3QFY27. In refrigerators, higher commodity prices, particularly input costs impacted near-term demand and profitability. Despite an industry-wide decline in the direct-cool segment, Dixon has maintained volumes through portfolio expansion and customer additions, including commencement of side-by-side refrigerator manufacturing and the planned introduction of multi-door French-door refrigerators.
- **Home appliances:** The home appliances business continued to witness healthy volume growth. During 2QFY27, semi-automatic washing machine volumes increased 27% YoY to 0.63m units in 2QFY27, and fully automatic top-loading washing machine volumes increased 24% YoY to 0.13m units. Dixon currently has annual manufacturing capacity of ~4m units washing machines, which is ~33% of India's estimated annual washing machine requirement of 12m units.

- **New appliance categories:** Manufacturing of fully automatic front-loading washing machines is expected to commence in 3QFY27 at Tirupati, while dishwashers and microwave ovens are targeted for launch in 4QFY27. The company expects backward integration through in-house moulding and tooling capabilities to improve operating leverage. Washing machine margins, which have historically been in the 10.5-11% range, declined to 8.3-8.6% due to higher polymer prices, freight costs, and adverse forex movements.
- **Lighting:** The lighting business continues to face subdued demand and pricing pressures, with Dixon focusing on premiumization, expanding its indoor and outdoor lighting portfolio and increasing SMT capacity in line with revised guidelines. The company has commenced strip-light exports to a large US retail chain and is pursuing additional opportunities with German retailers.
- **Backward-integration updates:** Q-Tech has expanded its annual camera module manufacturing capacity from 80m units to 120m units, with further expansion targeted to 180-190m units over the next two years. Investments in deeper manufacturing processes are expected to improve value addition and margins, with Q-Tech targeting a recovery towards 6-7% margins as volumes improve. On the display side in the HKC JV, automotive and IT hardware display lines have been installed, with trials expected in 3QFY27, followed by mobile display trials in 4QFY27, and Commercial production from FY28.
- **Overall capex and new opportunities:** The company expects FY27 capex of ~INR12b, with a similar run rate of INR12-13b anticipated for FY28. Within the display business, investments are expected to be ~ INR3-3.5b in FY27 and another INR3.5-4b in FY28, forming part of the overall INR10b investment program spread over three years. Beyond existing businesses, the company is actively evaluating opportunities in precision engineering, mechanical enclosures for laptops and smartphones, advanced packaging and silicon photonics. It is also exploring silicon photonics optical transceivers and high-speed optical solutions for AI infrastructure, hyperscale data centers and high-performance computing, with the objective of moving towards higher-margin, technology-intensive manufacturing.
- **NWC and balance sheet:** The increase in working capital during 1HFY27 was primarily attributable to memory inventory stocking, seasonal requirements and higher receivables. Receivables and payables also increased due to outstanding PLI receivables under the IT hardware, telecom and mobile manufacturing schemes, including pending claims from the previous year and 1HFY27. Certain customer advances received in March were also subsequently utilized, contributing to the movement in working capital. The company expects a significant reversal, with ~80-85% of the incremental working capital requirement expected to be released before Mar'27.

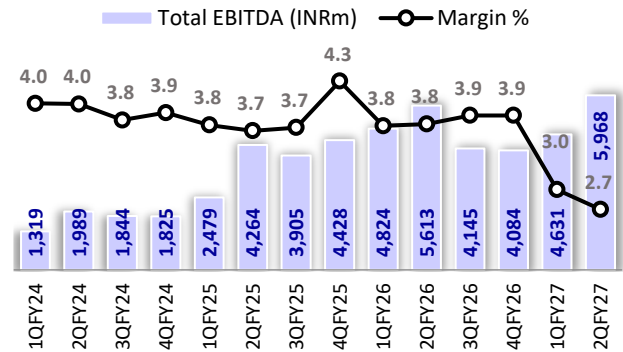
## Key Exhibits

**Exhibit 1: Revenue grew 47% YoY in 2QFY27**



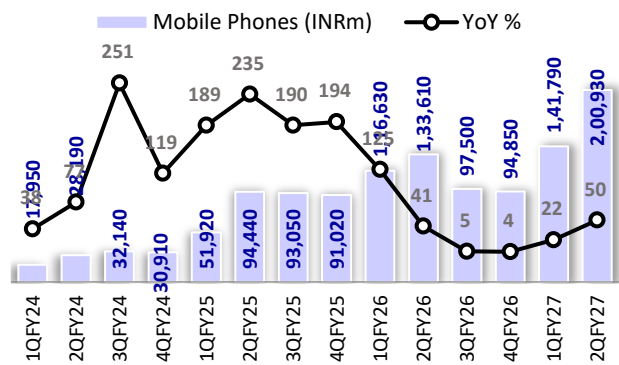
Source: Company, MOFSL

**Exhibit 2: Consolidated EBITDA contracted 110bp YoY**



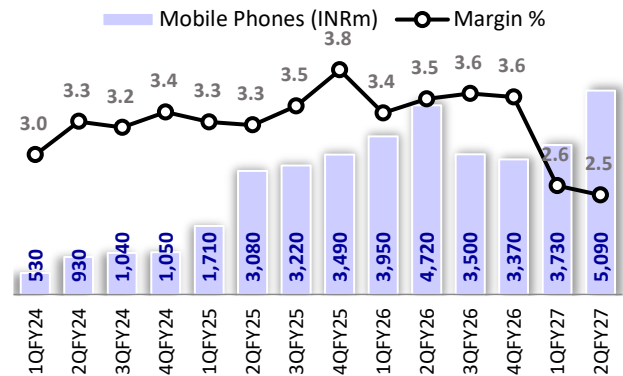
Source: Company, MOFSL

**Exhibit 3: Mobile phone revenue increased 50% YoY**



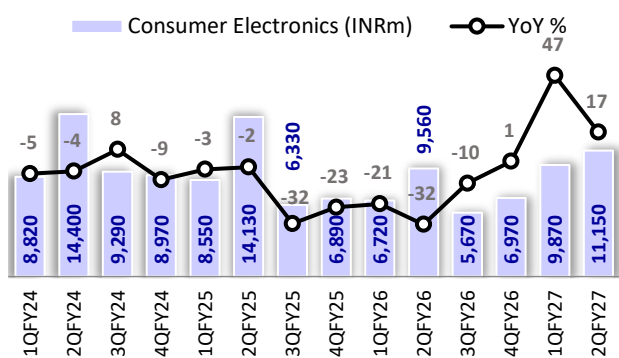
Source: Company, MOFSL

**Exhibit 4: Mobile phone margin contracted 100bp YoY**



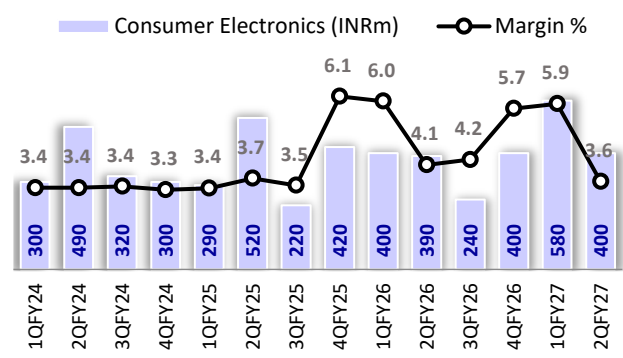
Source: Company, MOFSL

**Exhibit 5: Consumer Electronics revenue increased 17% YoY**



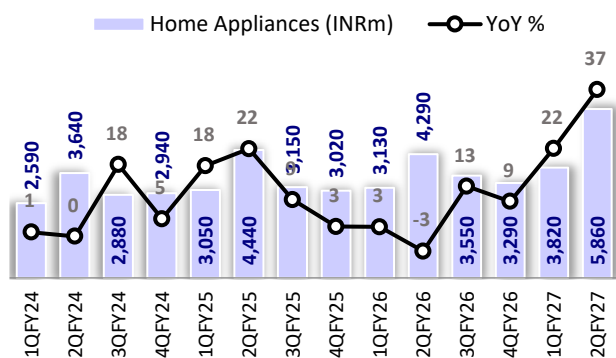
Source: Company, MOFSL

**Exhibit 6: Consumer Electronics margin contracted 50bp YoY**



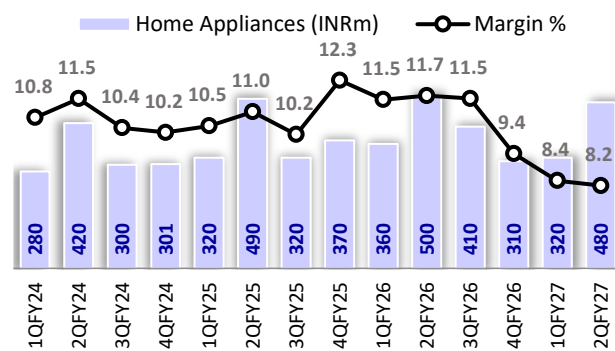
Source: Company, MOFSL

**Exhibit 7: Home Appliances revenue increased 37% YoY**



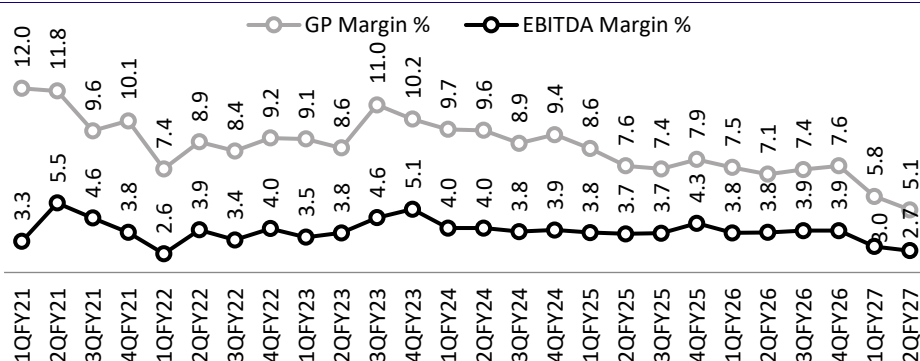
Source: Company, MOFSL

**Exhibit 8: Home Appliances margin contracted 350bp YoY**



Source: Company, MOFSL

**Exhibit 9: The gap between gross margin and EBITDA margin is narrowing, mainly due to the increased share of revenue from the mobile phone segment**



Source: Company, MOFSL

**Exhibit 10: We revise our FY27/FY28 estimates by 7%/2% to bake in 1HFY27 performance and slightly lower minority interest**

| (INR m)    | FY27E    |          |         | FY28E    |          |         |
|------------|----------|----------|---------|----------|----------|---------|
|            | Rev      | Old      | Chg (%) | Rev      | Old      | Chg (%) |
| Net Sales  | 7,42,222 | 6,71,916 | 10.5    | 9,48,529 | 8,92,498 | 6.3     |
| EBITDA     | 21,203   | 21,362   | (0.7)   | 34,590   | 34,194   | 1.2     |
| EBITDA (%) | 2.9      | 3.2      | -30 bp  | 3.6      | 3.8      | -20 bp  |
| Adj. PAT   | 9,144    | 8,534    | 7.2     | 15,544   | 15,179   | 2.4     |
| EPS (INR)  | 150      | 140      | 7.2     | 256      | 250      | 2.4     |

Source: MOFSL

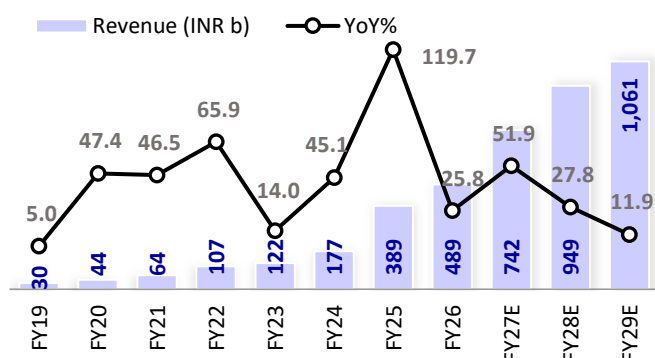
## Financial outlook

| INR m                                | FY18   | FY19   | FY20   | FY21   | FY22     | FY23     | FY24     | FY25     | FY26     | FY27E    | FY28E    | FY29E     |
|--------------------------------------|--------|--------|--------|--------|----------|----------|----------|----------|----------|----------|----------|-----------|
| <b>Consolidated</b>                  |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 28,416 | 29,844 | 44,001 | 64,482 | 1,06,971 | 1,21,920 | 1,76,909 | 3,88,601 | 4,88,728 | 7,42,222 | 9,48,529 | 10,61,143 |
| Growth YoY (%)                       | 15.7   | 5.0    | 47.4   | 46.5   | 65.9     | 14.0     | 45.1     | 119.7    | 25.8     | 51.9     | 27.8     | 11.9      |
| EBITDA                               | 1,120  | 1,349  | 2,231  | 2,866  | 3,791    | 5,128    | 6,976    | 15,076   | 18,665   | 21,203   | 34,590   | 46,628    |
| EBITDA margin (%)                    | 3.9    | 4.5    | 5.1    | 4.4    | 3.5      | 4.2      | 3.9      | 3.9      | 3.8      | 2.9      | 3.6      | 4.4       |
| RoCE                                 | 23.4   | 18.5   | 25.9   | 23.8   | 19.1     | 20.4     | 25.4     | 34.1     | 24.5     | 21.8     | 30.2     | 33.3      |
| <b>Consumer Electronics</b>          |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 10,735 | 11,937 | 20,952 | 38,426 | 51,695   | 42,780   | 41,480   | 42,490   | 28,920   | 36,197   | 40,821   | 46,752    |
| Growth YoY (%)                       | 27.1   | 11.2   | 75.5   | 83.4   | 34.5     | -17.2    | -3.0     | 2.4      | -31.9    | 25.2     | 12.8     | 14.5      |
| EBITDA                               | 222    | 252    | 503    | 1,028  | 1,246    | 1,306    | 1,410    | 2,005    | 1,430    | 1,629    | 2,000    | 2,291     |
| EBITDA margin (%)                    | 2.1    | 2.1    | 2.4    | 2.7    | 2.4      | 3.1      | 3.4      | 4.7      | 4.9      | 4.5      | 4.9      | 4.9       |
| <b>Lighting Products</b>             |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 7,742  | 9,194  | 11,397 | 11,037 | 12,841   | 10,546   | 7,870    | 8,610    | 2,970    | NA       | NA       | NA        |
| Growth YoY (%)                       | 40.6   | 18.8   | 24.0   | -3.2   | 16.3     | -17.9    | -25.4    | 9.4      | -65.5    | NM       | NM       | NM        |
| EBITDA                               | 473    | 660    | 977    | 974    | 881      | 904      | 592      | 610      | 110      | NA       | NA       | NA        |
| EBITDA margin (%)                    | 6.1    | 7.2    | 8.6    | 8.8    | 6.9      | 8.6      | 7.5      | 7.1      | 3.7      | NM       | NM       | NM        |
| <b>Home Appliances</b>               |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 2,503  | 3,744  | 3,963  | 4,311  | 7,088    | 11,435   | 12,050   | 13,660   | 14,260   | 19,020   | 21,122   | 23,464    |
| Growth YoY (%)                       | 33.1   | 49.6   | 5.9    | 8.8    | 64.4     | 61.3     | 5.4      | 13.4     | 4.4      | 33.4     | 11.1     | 11.1      |
| EBITDA                               | 308    | 370    | 461    | 397    | 541      | 1,094    | 1,301    | 1,500    | 1,580    | 1,617    | 2,323    | 2,581     |
| EBITDA margin (%)                    | 12.3   | 9.9    | 11.6   | 9.2    | 7.6      | 9.6      | 10.8     | 11.0     | 11.1     | 8.5      | 11.0     | 11.0      |
| <b>Mobile Phone and EMS</b>          |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 6,698  | 3,549  | 5,369  | 8,395  | 31,383   | 52,243   | 1,09,190 | 3,30,430 | 4,42,570 | 6,87,005 | 8,86,586 | 9,90,928  |
| Growth YoY (%)                       | -17.4  | -47.0  | 51.3   | 56.4   | 273.8    | 66.5     | 109.0    | 202.6    | 33.9     | 55.2     | 29.1     | 11.8      |
| EBITDA                               | 65     | 74     | 191    | 394    | 971      | 1,671    | 3,550    | 11,530   | 15,540   | 17,957   | 30,266   | 41,756    |
| EBITDA margin (%)                    | 1.0    | 2.1    | 3.6    | 4.7    | 3.1      | 3.2      | 3.3      | 3.5      | 3.5      | 2.6      | 3.4      | 4.2       |
| <b>Security Surveillance Systems</b> |        |        |        |        |          |          |          |          |          |          |          |           |
| Revenue                              | 5      | 963    | 2,164  | 2,178  | 3,964    | 4,918    | 6,330    | NM       | NM       | NM       | NM       | NM        |
| Growth YoY (%)                       |        |        | 124.7  | 0.7    | 82.0     | 24.1     | 28.7     | NA       | NA       | NA       | NA       | NA        |
| EBITDA                               |        | 8      | 72     | 63     | 151      | 144      | 119      | NM       | NM       | NM       | NM       | NM        |
| EBITDA margin (%)                    |        | 0.8    | 3.3    | 2.9    | 3.8      | 2.9      | 1.9      | NA       | NA       | NA       | NA       | NA        |

Source: Company, MOFSL

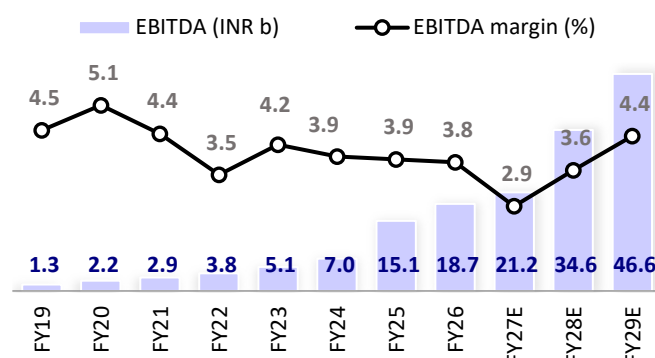
Note: FY25 onwards, Refrigerator data is included in Consumer Electronics

**Exhibit 11: We expect a revenue CAGR of 29% over FY26-29, led by mobile and new segments**



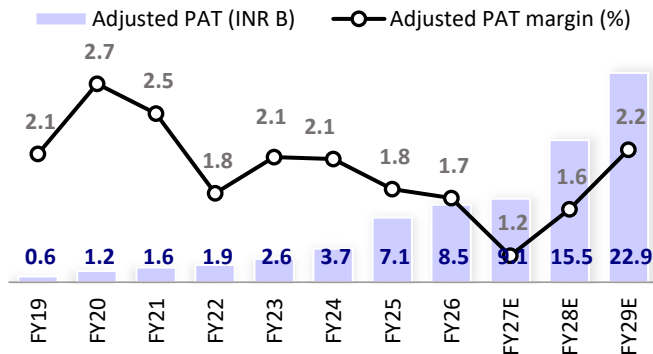
Source: Company, MOFSL

**Exhibit 12: We expect EBITDA CAGR of 36% over FY26-29, as backward integration kicks in from FY28**



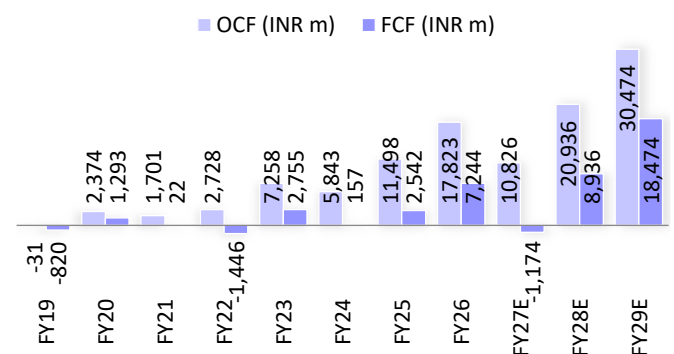
Source: Company, MOFSL

**Exhibit 13: We expect a PAT CAGR of 39% over FY26-29, led by strong revenue and EBITDA growth**



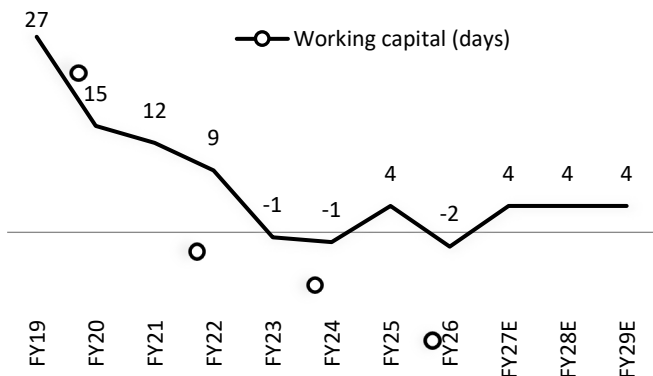
Source: Company, MOFSL

**Exhibit 14: We expect OCF and FCF to remain lumpy due to ongoing capex**



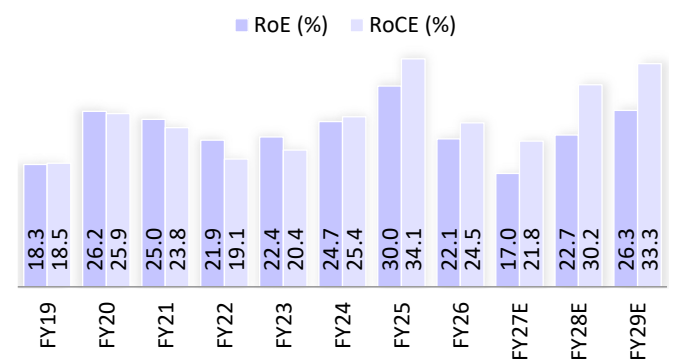
Source: Company, MOFSL

**Exhibit 15: We expect the NWC cycle to remain lean for Dixon in the coming years**



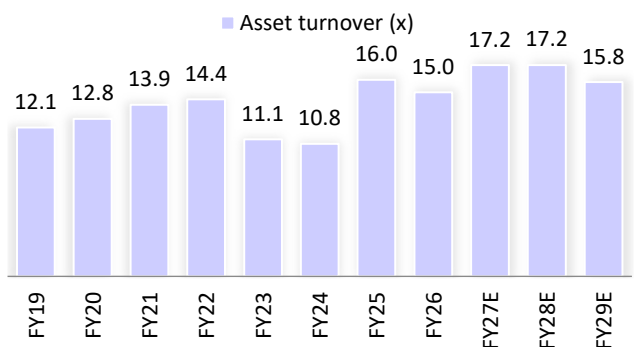
Source: Company, MOFSL

**Exhibit 16: We expect RoE/RoCE to improve gradually on continued focus on capex and improved asset turnover**



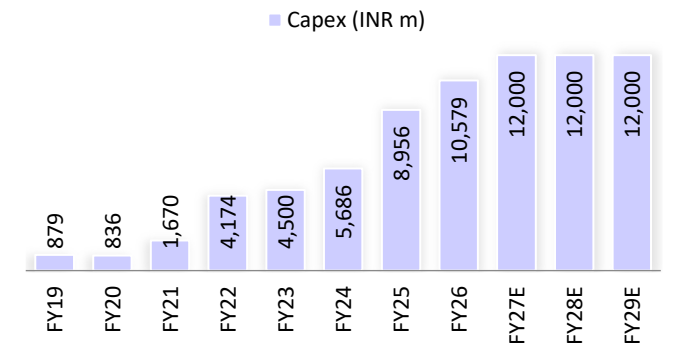
Source: Company, MOFSL

**Exhibit 17: Asset turnover to remain healthy on a higher share of revenue from the mobile and EMS segments**



Source: Company, MOFSL

**Exhibit 18: We expect the 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            | FY26            | FY27E           | FY28E           | FY29E            |
|-------------------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>Total Income from Operations</b> | <b>44,001</b> | <b>64,482</b> | <b>1,06,971</b> | <b>1,21,920</b> | <b>1,76,909</b> | <b>3,88,601</b> | <b>4,88,728</b> | <b>7,42,222</b> | <b>9,48,529</b> | <b>10,61,143</b> |
| Change (%)                          | 47.4          | 46.5          | 65.9            | 14.0            | 45.1            | 119.7           | 25.8            | 51.9            | 27.8            | 11.9             |
| Raw Materials                       | 38,602        | 57,697        | 97,792          | 1,10,207        | 1,60,390        | 3,58,328        | 4,52,772        | 6,97,688        | 8,82,132        | 9,76,252         |
| <b>Gross Profit</b>                 | <b>5,399</b>  | <b>6,785</b>  | <b>9,178</b>    | <b>11,713</b>   | <b>16,520</b>   | <b>30,273</b>   | <b>35,956</b>   | <b>44,533</b>   | <b>66,397</b>   | <b>84,891</b>    |
| Employee Cost                       | 1,180         | 1,371         | 1,978           | 2,517           | 3,327           | 5,674           | 7,112           | 9,386           | 13,239          | 14,811           |
| Other Expenses                      | 1,989         | 2,548         | 3,409           | 4,069           | 6,217           | 9,523           | 10,180          | 13,944          | 18,568          | 23,453           |
| <b>Total Expenditure</b>            | <b>41,771</b> | <b>61,616</b> | <b>1,03,180</b> | <b>1,16,793</b> | <b>1,69,933</b> | <b>3,73,525</b> | <b>4,70,063</b> | <b>7,21,019</b> | <b>9,13,939</b> | <b>10,14,516</b> |
| % of Sales                          | 94.9          | 95.6          | 96.5            | 95.8            | 96.1            | 96.1            | 96.2            | 97.1            | 96.4            | 95.6             |
| <b>EBITDA</b>                       | <b>2,231</b>  | <b>2,866</b>  | <b>3,791</b>    | <b>5,128</b>    | <b>6,976</b>    | <b>15,076</b>   | <b>18,665</b>   | <b>21,203</b>   | <b>34,590</b>   | <b>46,628</b>    |
| Margin (%)                          | 5.1           | 4.4           | 3.5             | 4.2             | 3.9             | 3.9             | 3.8             | 2.9             | 3.6             | 4.4              |
| Depreciation                        | 365           | 437           | 840             | 1,146           | 1,619           | 2,810           | 3,930           | 4,690           | 5,874           | 7,044            |
| <b>EBIT</b>                         | <b>1,865</b>  | <b>2,429</b>  | <b>2,952</b>    | <b>3,981</b>    | <b>5,357</b>    | <b>12,266</b>   | <b>14,735</b>   | <b>16,513</b>   | <b>28,716</b>   | <b>39,584</b>    |
| Int. and Finance Charges            | 350           | 274           | 442             | 606             | 747             | 1,544           | 1,375           | 1,312           | 1,583           | 1,624            |
| Other Income                        | 52            | 16            | 38              | 56              | 226             | 202             | 200             | 376             | 472             | 796              |
| <b>PBT bef. EO Exp.</b>             | <b>1,568</b>  | <b>2,170</b>  | <b>2,548</b>    | <b>3,432</b>    | <b>4,836</b>    | <b>10,924</b>   | <b>13,561</b>   | <b>15,577</b>   | <b>27,605</b>   | <b>38,755</b>    |
| EO Items                            | 0             | 0             | 0               | 0               | 0               | 4,600           | 6,930           | 5,760           | 0               | 0                |
| <b>PBT after EO Exp.</b>            | <b>1,568</b>  | <b>2,170</b>  | <b>2,548</b>    | <b>3,432</b>    | <b>4,836</b>    | <b>15,524</b>   | <b>20,491</b>   | <b>21,337</b>   | <b>27,605</b>   | <b>38,755</b>    |
| Total Tax                           | 363           | 572           | 644             | 897             | 1,189           | 3,372           | 4,263           | 3,811           | 6,715           | 9,409            |
| Tax Rate (%)                        | 23.1          | 26.4          | 25.3            | 26.1            | 24.6            | 30.9            | 31.4            | 24.5            | 24.3            | 24.3             |
| Profit share of associates/JV       | 0             | 0             | -1              | 16              | 102             | 174             | 215             | 236             | 260             | 285              |
| Minority Interest                   | 0             | 0             | 2               | -4              | 72              | 1,370           | 2,056           | 2,858           | 5,605           | 6,699            |
| <b>Reported PAT</b>                 | <b>1,205</b>  | <b>1,598</b>  | <b>1,902</b>    | <b>2,555</b>    | <b>3,677</b>    | <b>10,955</b>   | <b>14,386</b>   | <b>14,904</b>   | <b>15,544</b>   | <b>22,933</b>    |
| <b>Adjusted PAT</b>                 | <b>1,205</b>  | <b>1,598</b>  | <b>1,902</b>    | <b>2,555</b>    | <b>3,677</b>    | <b>7,059</b>    | <b>8,491</b>    | <b>9,144</b>    | <b>15,544</b>   | <b>22,933</b>    |
| Change (%)                          | 90.2          | 32.6          | 19.0            | 34.4            | 43.9            | 92.0            | 20.3            | 7.7             | 70.0            | 47.5             |
| Margin (%)                          | 2.7           | 2.5           | 1.8             | 2.1             | 2.1             | 1.8             | 1.7             | 1.2             | 1.6             | 2.2              |

### Consolidated - Balance Sheet

(INR m)

| Y/E Mar                             | FY20          | FY21          | FY22          | FY23          | FY24          | FY25            | FY26            | FY27E           | FY28E           | FY29E           |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equity Share Capital                | 116           | 117           | 119           | 119           | 120           | 121             | 122             | 122             | 122             | 122             |
| Total Reserves                      | 5,298         | 7,256         | 9,849         | 12,730        | 16,829        | 29,982          | 46,645          | 60,941          | 75,817          | 98,020          |
| <b>Net Worth</b>                    | <b>5,413</b>  | <b>7,373</b>  | <b>9,968</b>  | <b>12,849</b> | <b>16,949</b> | <b>30,102</b>   | <b>46,767</b>   | <b>61,063</b>   | <b>75,939</b>   | <b>98,142</b>   |
| Minority Interest                   | 0             | 0             | 6             | -3            | 276           | 4,591           | 7,100           | 9,958           | 15,563          | 22,262          |
| Total Loans                         | 828           | 1,513         | 4,580         | 1,826         | 1,550         | 2,023           | 4,675           | 4,675           | 4,675           | 4,675           |
| Deferred Tax Liabilities            | 148           | 184           | 201           | 224           | 240           | 980             | 1,106           | 1,106           | 1,106           | 1,106           |
| <b>Capital Employed</b>             | <b>6,389</b>  | <b>9,070</b>  | <b>14,754</b> | <b>14,897</b> | <b>19,015</b> | <b>37,696</b>   | <b>59,647</b>   | <b>76,801</b>   | <b>97,282</b>   | <b>1,26,184</b> |
| Gross Block                         | 3,982         | 5,269         | 9,586         | 12,291        | 20,527        | 28,109          | 37,207          | 49,207          | 61,207          | 73,207          |
| Less: Accum. Deprn.                 | 825           | 1,170         | 1,815         | 2,641         | 3,852         | 6,633           | 9,602           | 13,469          | 18,437          | 24,486          |
| <b>Net Fixed Assets</b>             | <b>3,157</b>  | <b>4,099</b>  | <b>7,771</b>  | <b>9,649</b>  | <b>16,675</b> | <b>21,476</b>   | <b>27,605</b>   | <b>35,738</b>   | <b>42,770</b>   | <b>48,721</b>   |
| Goodwill on Consolidation           | 82            | 82            | 303           | 303           | 303           | 570             | 5,800           | 5,800           | 5,800           | 5,800           |
| Capital WIP                         | 96            | 724           | 224           | 1,197         | 683           | 2,570           | 5,708           | 5,708           | 5,708           | 5,708           |
| <b>Total Investments</b>            | <b>0</b>      | <b>953</b>    | <b>1,410</b>  | <b>442</b>    | <b>200</b>    | <b>5,356</b>    | <b>10,068</b>   | <b>10,068</b>   | <b>10,068</b>   | <b>10,068</b>   |
| <b>Curr. Assets, Loans&amp;Adv.</b> | <b>13,635</b> | <b>22,600</b> | <b>33,064</b> | <b>35,203</b> | <b>52,034</b> | <b>1,37,606</b> | <b>1,42,337</b> | <b>2,64,193</b> | <b>3,44,337</b> | <b>4,04,049</b> |
| Inventory                           | 4,978         | 7,433         | 11,557        | 9,579         | 16,950        | 39,924          | 38,365          | 76,254          | 97,450          | 1,09,020        |
| Account Receivables                 | 5,151         | 10,891        | 13,564        | 17,155        | 23,179        | 69,655          | 65,299          | 1,33,039        | 1,70,018        | 1,90,204        |
| Cash and Bank Balance               | 1,002         | 689           | 1,823         | 2,292         | 2,087         | 2,635           | 9,411           | 8,015           | 19,028          | 40,448          |
| Loans and Advances                  | 0             | 25            | 4             | 0             | 20            | 0               | 0               | 0               | 0               | 0               |
| Other Current Asset                 | 2,504         | 3,563         | 6,116         | 6,178         | 9,799         | 25,392          | 29,262          | 46,885          | 57,841          | 64,378          |
| <b>Curr. Liability &amp; Prov.</b>  | <b>10,580</b> | <b>19,387</b> | <b>28,017</b> | <b>31,898</b> | <b>50,881</b> | <b>1,29,881</b> | <b>1,31,872</b> | <b>2,44,706</b> | <b>3,11,402</b> | <b>3,48,162</b> |
| Account Payables                    | 9,391         | 17,097        | 23,137        | 24,519        | 40,652        | 1,08,837        | 1,07,222        | 2,07,876        | 2,65,657        | 2,97,197        |
| Other Current Liabilities           | 1,081         | 2,146         | 4,664         | 7,121         | 9,952         | 20,768          | 24,403          | 36,302          | 45,071          | 50,210          |
| Provisions                          | 109           | 144           | 216           | 258           | 277           | 277             | 247             | 528             | 675             | 755             |
| <b>Net Current Assets</b>           | <b>3,054</b>  | <b>3,213</b>  | <b>5,047</b>  | <b>3,306</b>  | <b>1,153</b>  | <b>7,725</b>    | <b>10,465</b>   | <b>19,487</b>   | <b>32,935</b>   | <b>55,886</b>   |
| <b>Appl. of Funds</b>               | <b>6,389</b>  | <b>9,070</b>  | <b>14,754</b> | <b>14,897</b> | <b>19,015</b> | <b>37,696</b>   | <b>59,647</b>   | <b>76,801</b>   | <b>97,282</b>   | <b>1,26,184</b> |

## Financials and Valuation

### Ratios

| Y/E Mar                       | FY20        | FY21        | FY22        | FY23        | FY24        | FY25         | FY26         | FY27E        | FY28E        | FY29E        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Basic (INR)</b>            |             |             |             |             |             |              |              |              |              |              |
| <b>EPS</b>                    | <b>20.6</b> | <b>27.3</b> | <b>32.0</b> | <b>42.9</b> | <b>61.5</b> | <b>117.2</b> | <b>139.7</b> | <b>150.4</b> | <b>255.7</b> | <b>377.2</b> |
| Cash EPS                      | 26.8        | 34.7        | 46.2        | 62.1        | 88.6        | 163.8        | 204.3        | 227.5        | 352.3        | 493.0        |
| BV/Share                      | 92.4        | 125.9       | 168.0       | 215.7       | 283.4       | 499.6        | 769.2        | 1,004.3      | 1,249.0      | 1,614.2      |
| DPS                           | 1.2         | 1.0         | 2.0         | 3.0         | 3.0         | 8.0          | 9.0          | 10.0         | 11.0         | 12.0         |
| Payout (%)                    | 5.7         | 3.7         | 6.3         | 7.0         | 4.9         | 7.6          | 6.5          | 6.6          | 4.3          | 3.2          |
| <b>Valuation (x)</b>          |             |             |             |             |             |              |              |              |              |              |
| P/E                           | 534.7       | 403.1       | 343.3       | 256.4       | 178.9       | 93.9         | 78.8         | 73.1         | 43.0         | 29.2         |
| Cash P/E                      | 410.3       | 316.6       | 238.1       | 177.0       | 124.2       | 67.2         | 53.8         | 48.3         | 31.2         | 22.3         |
| P/BV                          | 119.0       | 87.4        | 65.5        | 51.0        | 38.8        | 22.0         | 14.3         | 11.0         | 8.8          | 6.8          |
| EV/Sales                      | 14.6        | 10.0        | 6.1         | 5.4         | 3.7         | 1.7          | 1.4          | 0.9          | 0.7          | 0.6          |
| EV/EBITDA                     | 288.7       | 225.1       | 172.9       | 127.7       | 94.2        | 43.9         | 35.6         | 31.4         | 18.9         | 13.6         |
| Dividend Yield (%)            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.1          | 0.1          | 0.1          | 0.1          | 0.1          |
| FCF per share                 | 22.1        | 0.4         | -24.4       | 46.3        | 2.6         | 42.2         | 119.1        | -19.3        | 147.0        | 303.8        |
| <b>Return Ratios (%)</b>      |             |             |             |             |             |              |              |              |              |              |
| RoE                           | 26.2        | 25.0        | 21.9        | 22.4        | 24.7        | 30.0         | 22.1         | 17.0         | 22.7         | 26.3         |
| RoCE                          | 25.9        | 23.8        | 19.1        | 20.4        | 25.4        | 34.1         | 24.5         | 21.8         | 30.2         | 33.3         |
| RoIC                          | 28.8        | 29.8        | 24.5        | 26.4        | 29.9        | 39.3         | 32.8         | 28.5         | 37.6         | 45.3         |
| <b>Working Capital Ratios</b> |             |             |             |             |             |              |              |              |              |              |
| Fixed Asset Turnover (x)      | 11.0        | 12.2        | 11.2        | 9.9         | 8.6         | 13.8         | 13.1         | 15.1         | 15.5         | 14.5         |
| Asset Turnover (x)            | 6.9         | 7.1         | 7.3         | 8.2         | 9.3         | 10.3         | 8.2          | 9.7          | 9.8          | 8.4          |
| Inventory (Days)              | 41          | 42          | 39          | 29          | 35          | 37           | 29           | 37           | 37           | 37           |
| Debtor (Days)                 | 43          | 62          | 46          | 51          | 48          | 65           | 49           | 65           | 65           | 65           |
| Creditor (Days)               | 78          | 97          | 79          | 73          | 84          | 102          | 80           | 102          | 102          | 102          |
| <b>Leverage Ratio (x)</b>     |             |             |             |             |             |              |              |              |              |              |
| Current Ratio                 | 1.3         | 1.2         | 1.2         | 1.1         | 1.0         | 1.1          | 1.1          | 1.1          | 1.1          | 1.2          |
| Interest Cover Ratio          | 5.3         | 8.9         | 6.7         | 6.6         | 7.2         | 7.9          | 10.7         | 12.6         | 18.1         | 24.4         |
| Net Debt/Equity               | -0.0        | -0.0        | 0.1         | -0.1        | -0.0        | -0.2         | -0.3         | -0.2         | -0.3         | -0.5         |

### Consolidated - Cashflow Statement

| Y/E Mar                          | FY20          | FY21          | FY22          | FY23          | FY24          | FY25           | FY26           | FY27E          | FY28E          | FY29E          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>(INR m)</b>                   |               |               |               |               |               |                |                |                |                |                |
| OP/(Loss) before Tax             | 1,568         | 2,170         | 2,546         | 3,452         | 4,867         | 14,328         | 18,649         | 18,715         | 22,260         | 32,341         |
| Depreciation                     | 365           | 437           | 840           | 1,146         | 1,619         | 2,810          | 3,930          | 4,690          | 5,874          | 7,044          |
| Interest & Finance Charges       | 350           | 274           | 442           | 606           | 747           | 1,544          | 1,375          | 1,312          | 1,583          | 1,624          |
| Direct Taxes Paid                | -429          | -549          | -540          | -820          | -1,218        | -2,760         | -4,146         | -3,811         | -6,715         | -9,409         |
| (Inc)/Dec in WC                  | 423           | -743          | -641          | 2,764         | -88           | -1,816         | 2,233          | -10,080        | -2,065         | -1,127         |
| <b>CF from Operations</b>        | <b>2,277</b>  | <b>1,590</b>  | <b>2,646</b>  | <b>7,148</b>  | <b>5,927</b>  | <b>14,106</b>  | <b>22,041</b>  | <b>10,826</b>  | <b>20,936</b>  | <b>30,474</b>  |
| Others                           | 97            | 111           | 81            | 109           | -83           | -2,608         | -4,218         | 0              | 0              | 0              |
| <b>CF from Operating incl EO</b> | <b>2,374</b>  | <b>1,701</b>  | <b>2,728</b>  | <b>7,258</b>  | <b>5,843</b>  | <b>11,498</b>  | <b>17,823</b>  | <b>10,826</b>  | <b>20,936</b>  | <b>30,474</b>  |
| (Inc)/Dec in FA                  | -1,081        | -1,680        | -4,174        | -4,502        | -5,686        | -8,956         | -10,579        | -12,000        | -12,000        | -12,000        |
| <b>Free Cash Flow</b>            | <b>1,293</b>  | <b>22</b>     | <b>-1,446</b> | <b>2,755</b>  | <b>157</b>    | <b>2,542</b>   | <b>7,244</b>   | <b>-1,174</b>  | <b>8,936</b>   | <b>18,474</b>  |
| (Pur)/Sale of Investments        | -118          | -978          | -446          | 992           | 346           | -3,208         | -660           | 0              | 0              | 0              |
| Others                           | 28            | 8             | -25           | -45           | 31            | -125           | -1,266         | -337           | -369           | -405           |
| <b>CF from Investments</b>       | <b>-1,171</b> | <b>-2,649</b> | <b>-4,645</b> | <b>-3,556</b> | <b>-5,309</b> | <b>-12,289</b> | <b>-12,505</b> | <b>-12,337</b> | <b>-12,369</b> | <b>-12,405</b> |
| Issue of Shares                  | 457           | 269           | 642           | 336           | 469           | 1,399          | 2,632          | 0              | 0              | 0              |
| Inc/(Dec) in Debt                | -570          | 688           | 3,026         | -2,776        | -276          | 583            | -646           | 0              | 0              | 0              |
| Interest Paid                    | -378          | -322          | -567          | -737          | -494          | -1,219         | -1,030         | -1,312         | -1,583         | -1,624         |
| Dividend Paid                    | -83           | 0             | -59           | -119          | -179          | -329           | -1,178         | -608           | -669           | -730           |
| Others                           | 6             | 0             | 0             | 0             | -220          | -700           | -860           | 2,858          | 5,605          | 6,699          |
| <b>CF from Fin. Activity</b>     | <b>-568</b>   | <b>635</b>    | <b>3,043</b>  | <b>-3,296</b> | <b>-700</b>   | <b>-266</b>    | <b>-1,082</b>  | <b>938</b>     | <b>3,353</b>   | <b>4,345</b>   |
| <b>Inc/Dec of Cash</b>           | <b>634</b>    | <b>-313</b>   | <b>1,126</b>  | <b>406</b>    | <b>-166</b>   | <b>-1,057</b>  | <b>4,236</b>   | <b>-573</b>    | <b>11,919</b>  | <b>22,414</b>  |
| Opening Balance                  | 367           | 1,002         | 689           | 1,823         | 2,292         | 2,086          | 2,635          | 9,410          | 8,015          | 19,028         |
| Other Bank Balances              | 0             | 0             | 8             | 63            | -40           | 1,606          | 2,539          | -822           | -906           | -995           |
| <b>Closing Balance</b>           | <b>1,002</b>  | <b>689</b>    | <b>1,823</b>  | <b>2,292</b>  | <b>2,086</b>  | <b>2,635</b>   | <b>9,410</b>   | <b>8,015</b>   | <b>19,028</b>  | <b>40,448</b>  |

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| Explanation of Investment Rating |                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------|
| 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 |

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

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          |
| Mr. Neeraj Agarwal    | 022 40548085                | na@motilaloswal.com          |
| Mr. Siddhartha Khemka | 022 50362452                | po.research@motilaloswal.com |

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@motilaloswal.com.