Dixon Technologies

Vivo JV approval in place; reiterate BUY

Electronic Manufacturing Services | Company Update | **July 10, 2026**

CMP (Rs): 13,477 | TP (Rs): 15,200

Dixon intimated the markets (link) that the PN3 approval for its 51:49 JV with Vivo has come through. Dixon had given guidance for flattish smartphone volumes in FY27 vs FY26, and this development should trigger earnings upgrades to reflect the Vivo JV volumes. We build in 6.5mn/18mn smartphone volumes in FY27E/FY28E from Vivo via the JV vs earlier estimates of nil/6.9mn (via a TLA), respectively. This drives a 14%/17% upgrade in FY27E/28E EPS. Beyond the EPS upgrades, we view the development as positive on two counts: 1) this further cements Dixon's dominant position in the domestic smartphone manufacturing market through the stickier JV route with Vivo (~20% market share in the India smartphone market); and 2) this reflects sustained policy support for electronics manufacturing in India, even in complicated cases. We retain BUY on Dixon while revising up our TP by ~22% to Rs15,200 from Rs12,500, to reflect the impact of the PN3 approval.

Dominant position in smartphone manufacturing cemented further

Even prior to the JV approval, Dixon enjoyed the dominant position in the Indian smartphone manufacturing set-up, with 45-50% share of industry capacity and manufacturing presence across major smartphone brands. In our view, this JV with Vivo is a stickier route for securing manufacturing wallet share with a leading Indian smartphone brand (Vivo market share has been in the 18-21% range over the last six quarters). The superior positioning and the strong financial profile (robust cash flows, >25% return ratios, negative workings capital cycle despite tougher macro conditions, and headwinds in FY26) justify the ~50x FY28E target multiple.

Approval reflects strong policy support for Indian electronics manufacturing

Our takeaway is that the ruling dispensation continues to bet on electronics manufacturing, as both the generator of employment (key to electoral fortunes) and India's pathway to technological advancement (key to legacy). The Vivo JV approval had turned complicated owing to PN3 restrictions and BBK Group's run-ins with tax authorities. However, not only has approval been received, but the process has also led to tweaks to the PN3 rules. Further, the government has been active in its support, most recently extending customs duty exemptions for key inputs to electronics manufacturing. We expect policy support to continue, with Mobile PLI 2.0 the next catalyst that is likely to lead to further EPS upgrades.

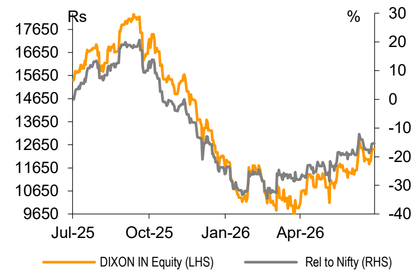
Target Price – 12M	Jun-27
Change in TP (%)	**21.6**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	12.8

Stock Data	DIXON IN
52-week High (Rs)	18,472
52-week Low (Rs)	9,600
Shares outstanding (mn)	61.1
Market-cap (Rs bn)	824
Market-cap (USD mn)	8,639
Net-debt, FY27E (Rs mn)	(569.1)
ADTV-3M (mn shares)	0.8
ADTV-3M (Rs mn)	8,156.3
ADTV-3M (USD mn)	85.5
Free float (%)	67.6
Nifty-50	23,962.8
INR/USD	95.4
Shareholding, Mar-26	
Promoters (%)	28.7
FPIs/MFs (%)	18.3/28.1

Price Performance

(%)	1M	3M	12M
Absolute	16.1	26.8	(14.2)
Rel. to Nifty	12.6	25.8	(8.8)

1-Year share price trend (Rs)



Dixon Technologies: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	176,909	388,601	488,728	651,726	900,031
EBITDA	6,976	15,076	18,665	23,183	34,911
Adj. PAT	3,677	6,356	8,906	11,767	18,678
Adj. EPS (Rs)	61.5	105.5	146.5	193.5	307.2
EBITDA margin (%)	3.9	3.9	3.8	3.6	3.9
EBITDA growth (%)	36.1	116.1	23.8	24.2	50.6
Adj. EPS growth (%)	43.2	71.5	38.9	32.1	58.7
RoE (%)	24.7	27.0	23.2	22.5	28.1
RoIC (%)	25.0	32.7	29.1	30.9	41.4
P/E (x)	219.2	74.1	92.0	69.6	43.9
EV/EBITDA (x)	115.9	53.6	43.3	34.9	23.2
P/B (x)	47.6	27.0	17.5	14.2	10.9
FCFF yield (%)	-	0.3	0.9	0.6	2.2

Source: Company, Emkay Research

Chirag Jain
chirag.jain@emkayglobal.com
+91-22-66242428

Mayank Pandey
mayank.pandey@emkayglobal.com
+91 22 66121340

Nandan Pradhan
nandan.pradhan@emkayglobal.com
+91-22-66121238

Marazbaan Dastur
marazbaan.dastur@emkayglobal.com
+91-22-66121281

Exhibit 1: Volumes for Dixon's total clients stable during FY26 vs FY25

Domestic Smartphone volumes (mn units)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	FY25	FY26
Industry (mn units)	35	34	46	36	33	37	48	34	32	149.5	150.6
Growth yoy (%)		*3.3*	*5.6*	*(3.0)*	*(5.4)*	*7.3*	*4.3*	*(5.6)*	*(4.1)*		0.8

Domestic Smartphone market share (%)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	FY25	FY26
Vivo	16.2	16.5	15.8	18.1	19.7	19.0	18.3	20.7	19.6	17.4	19.3
Oppo	10.2	11.5	13.9	11.8	12.0	13.4	13.9	13.6	15.3	12.4	14.0
Samsung	15.6	12.9	12.3	12.3	16.4	14.5	12.6	13.6	17.1	13.3	14.2
Motorola	4.6	6.2	5.7	7.5	7.5	8.0	8.3	8.1	8.9	6.7	8.3
Realme	9.8	12.6	11.5	10.0	10.6	9.7	9.8	9.6	8.8	11.2	9.5
Xiaomi	12.8	13.5	11.4	10.6	7.8	9.6	9.2	9.2	8.4	10.9	9.1
Apple	7.3	6.7	8.6	10.0	9.5	7.5	10.4	10.4	9.4	8.7	9.5
Poco	5.9	5.7	5.8	5.0	4.3	3.8	4.3	3.5	3.8	5.2	3.9
iQOO	2.8	2.7	4.2	3.2	2.3	4.3	3.3	4.5	1.9	3.2	3.5
One Plus	5.1	4.4	3.6	2.6	2.4	2.5	2.4	2.3	1.7	3.3	2.3
Others	9.7	7.3	7.2	8.9	7.5	7.7	7.5	4.6	5.1	7.7	6.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Domestic Smartphone volumes (mn units)	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	FY25	FY26
Vivo	5.7	5.7	7.3	6.5	6.5	7.0	8.8	7.0	6.2	26.0	29.0
Oppo	3.6	4.0	6.4	4.2	4.0	5.0	6.7	4.6	4.8	18.6	21.1
Samsung	5.4	4.4	5.7	4.4	5.4	5.4	6.0	4.6	5.4	20.0	21.4
Motorola	1.6	2.1	2.6	2.7	2.5	3.0	4.0	2.7	2.8	10.0	12.5
Realme	3.4	4.3	5.3	3.6	3.5	3.6	4.7	3.3	2.8	16.7	14.3
Xiaomi	4.5	4.7	5.2	3.8	2.6	3.6	4.4	3.1	2.7	16.3	13.8
Apple	2.5	2.3	4.0	3.6	3.1	2.8	5.0	3.5	3.0	13.0	14.3
Poco	2.1	2.0	2.7	1.8	1.4	1.4	2.1	1.2	1.2	7.8	5.9
iQOO	1.0	0.9	1.9	1.2	0.8	1.6	1.6	1.5	0.6	4.8	5.3
One Plus	1.8	1.5	1.7	1.0	0.8	0.9	1.2	0.8	0.5	4.9	3.4
Others	3.4	2.5	3.3	3.2	2.5	2.8	3.6	1.6	1.6	11.5	9.6
Total	**34.9**	**34.5**	**46.0**	**36.0**	**33.0**	**37.0**	**48.0**	**34.0**	**31.6**	**149.5**	**150.6**
Total domestic sales of Dixon's existing clients	**18.5**	**19.6**	**25.2**	**18.8**	**17.9**	**20.4**	**25.8**	**18.4**	**18.5**	**81.5**	**83.1**

Source: IDC, Emkay Research

Exhibit 2: Client-wise smartphone volumes for Dixon

Client-wise smartphone volumes	Earlier estimates			Base case (ex-Vivo JV)			Comments
(mn units)	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	
Domestic	***34.4***	***34.5***	***44.2***	***34.4***	***41.1***	***55.5***	
Oppo	4.1	5.6	6.8	4.1	5.6	6.8	Another big client for Dixon with expanding relations; Dixon contributes to 25% of Oppo's domestic volume; **Oppo has cut CY26** global **shipment guidance by 20%**
Vivo	-	-	6.9	-	6.5	18.1	We now build in **scale up in Vivo via the JV** vs expectations of TLA earlier; Vivo has cut the global shipment target by ~15% for CY26
One Plus	-	-	-	-	-	-	Not yet a client
Realme	3.5	3.4	3.8	3.5	3.4	3.8	For Realme, Dixon had called out 0.45mn/mth volume; Realme is the more affordable brand of the BBK Group (models priced below those of Xiaomi); **as part of Oppo, a similar 20% cut in global volume guidance**
IQOO	-	-	-	-	-	-	Not yet a client
Nokia	0.6	0.6	0.6	0.6	0.6	0.6	Dixon is the sole supplier for Nokia; volumes for Nokia remain limited
Transsion (Itel, Tecno, Infinix)	7.0	4.6	4.9	7.0	4.6	4.9	Most models are in the sub-Rs20k range for Infinix and Techno, and Itel is sub-Rs15k, wherein volume erosion is likely owing to the higher DRAM prices; **Transsion has cut global guidance by ~35% for CY26, from 115mn**
Motorola	9.5	8.8	8.8	9.5	8.8	8.8	Here, Dixon has lost market share to a peer; 85% of volume being supplied by Dixon now vs 100% earlier; though absolute volumes to increase for Motorola
Xiaomi	4.5	3.9	4.5	4.5	3.9	4.5	Xiaomi has seen market share loss, and curtailed volumes for FY26-28 to factor this in; **Xiaomi announced a >20% cut from earlier volume guidance of 180mn globally for CY26**
Compal/Google	0.1	0.1	0.1	0.1	0.1	0.1	Google Pixel has relatively lower volumes with higher ASPs
Samsung	5.0	4.5	4.7	5.0	4.5	4.7	Dixon has a sub-contracting arrangement with Samsung; we assume some decline here as well; ASPs for this are nearly $1/4^{th}$ of the normal ASP; hence, limited impact on revenue
New ODM	-	3.1	3.3	-	3.1	3.3	Dixon has highlighted new ODM from 1QFY27 with potential of 0.5mn/mth units; we factor in ~0.25mn/mth
Exports	*4.3*	*4.2*	*4.9*	*4.3*	*4.2*	*4.9*	Exports to see growth going ahead, largely driven by Motorola
Total domestic, including Samsung	**34.4**	**34.5**	**44.2**	**34.4**	**41.1**	**55.5**	
Total domestic, excluding Samsung	**29.4**	**30.0**	**39.5**	**29.4**	**36.6**	**50.7**	
Total domestic (ex Samsung and Vivo)	**29.4**	**30.0**	**32.6**	**29.4**	**30.0**	**32.6**	
Exports	4.3	4.2	4.9	4.3	4.2	4.9	

Source: Company, Emkay Research

Exhibit 3: We build in 29%/36%/45% volume/revenue/EPS CAGR over FY26-28E

Particulars (Rs mn)	FY25	FY26	FY27E	FY28E	FY26-28E CAGR
Smartphone volumes, incl exports (ex-Samsung, mn units)	**28.3**	**33.6**	**40.8**	**55.6**	**29%**
- Of which Vivo volumes (mn units)			*6.5*	*18.1*	
Smartphone volume growth yoy (%)		*14.8*	*21.5*	*36.3*	
Segmental Revenue					
- Mobiles and EMS	**330,435**	**442,570**	**601,015**	**847,059**	**37%**
-- Mobiles	289,675	353,345	474,531	706,922	41%
-- IT Products	0	13,860	39,640	46,208	
-- Telecom	33,440	50,000	80,000	86,400	31%
-- Other EMS Products	7,320	6,222	6,844	7,529	10%
- Home Appliances	**13,664**	**14,260**	**16,463**	**17,741**	12%
- Consumer Electronics	**35,900**	**36,788**	**34,249**	**35,231**	-2%
- Lighting	**8,602**	**1,880**	**0**	**0**	
Consolidated Revenue	**388,601**	**488,728**	**651,726**	**900,031**	36%
Growth yoy (%)	*119.7*	*25.8*	*33.4*	*38.1*	
EBITDA	**15,076**	**18,665**	**23,183**	**34,911**	**37%**
EBITDA Margin (%)	*3.9*	*3.8*	*3.6*	*3.9*	
Minority Interest	1,370	2,056	1,961	3,646	
JV Income	174	215	429	508	
Adjusted PAT	**6,356**	**8,906**	**11,767**	**18,678**	45%
PAT Margin (%)	***1.6***	*1.8*	*1.8*	*2.1*	
			32.1		
Adjusted EPS (Rs)	**105.5**	**146.5**	**193.5**	**307.2**	**45%**

Source: Company, Emkay Research; Note: FY26E PAT is excluding one-off gains reported in 2Q/3Q; Lighting business moved to JV from 2Q

Exhibit 4: Revenue Model – We build in 29%/36%/45% volume/revenue/EPS CAGR, respectively, over FY26-28E

Particulars (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Segmental Revenue								
Mobile and EMS	**8,531**	**31,383**	**52,243**	**109,190**	**330,435**	**442,570**	**601,015**	**847,059**
as a % of total revenue	*13*	*29*	*43*	*62*	*85*	*91*	*92*	*94*
Growth yoy (%)	*54*	*268*	*66*	*109*	*203*	*34*	*36*	*41*
Consumer Electronics	**38,426**	**51,695**	**42,780**	**41,480**	**42,840**	**36,788**	**34,249**	**35,231**
as a % of total revenue	*60*	*48*	*35*	*23*	*11*	*8*	*6*	*5*
Growth yoy (%)	*83*	*35*	*(17)*	*(3)*	*3*	*(14)*	*(7)*	*3*
Home Appliances	**4,312**	**7,088**	**11,435**	**12,050**	**13,664**	**14,260**	**16,463**	**17,741**
as a % of total revenue	*7*	*7*	*9*	*7*	*4*	*3*	*3*	*2*
Growth yoy (%)	*9*	*64*	*61*	*5*	*13*	*4*	*15*	*8*
Lighting Solutions	**11,037**	**12,841**	**10,546**	**7,870**	**8,602**	**1,880**	**0**	**0**
as a % of total revenue	*17*	*12*	*9*	*4*	*2*	*0*	*-*	*-*
Growth yoy (%)	*(3)*	*16*	*(18)*	*(25)*	*9*	*(78)*	*(100)*	
Security and Surveillance	**2,176**	**3,964**	**4,918**	**6,330**	**0**	**0**	**0**	**0**
as a % of total revenue	*3*	*4*	*4*	*4*	*-*	*-*	*-*	*-*
Growth yoy (%)	*1*	*82*	*24*	*29*	*-*	*-*	*-*	*-*
Consolidated Revenues	**64,482**	**106,971**	**121,920**	**176,909**	**388,601**	**488,728**	**651,726**	**900,031**
Growth (%)	*47*	*66*	*14*	*45*	*120*	*26*	*33*	*38*

Segmental EBITDA	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Mobile and EMS	**406**	**971**	**1,670**	**3,550**	**11,508**	**15,540**	**19,389**	**30,842**
as a % of total EBITDA	*14*	*26*	*33*	*51*	*76*	*83*	*84*	*88*
EBITDA margin (%)	*4.8*	*3.1*	*3.2*	*3.3*	*3.5*	*3.5*	*3.2*	*3.6*
Consumer Electronics	**1,028**	**1,246**	**1,310**	**1,410**	**1,448**	**1,430**	**1,983**	**2,117**
as a % of total EBITDA	*36*	*33*	*26*	*20*	*10*	*8*	*10*	*7*
EBITDA margin (%)	*2.7*	*2.4*	*3.1*	*3.4*	*3.4*	*3.9*	*5.8*	*6.0*
Home Appliances	**397**	**541**	**1,090**	**1,310**	**1,504**	**1,580**	**1,811**	**1,952**
as a % of total EBITDA	*14*	*14*	*21*	*19*	*10*	*8*	*9*	*7*
EBITDA margin (%)	*9.2*	*7.6*	*9.5*	*10.9*	*11.0*	*11.1*	*11.0*	*11.0*
Lighting Solutions	**974**	**881**	**910**	**590**	**616**	**110**	**0**	**0**
as a % of total EBITDA	*34*	*23*	*18*	*8*	*4*	*1*	*-*	*-*
EBITDA margin (%)	*8.8*	*6.9*	*8.6*	*7.5*	*7.2*	*5.9*		
Security and Surveillance	**61**	**152**	**148**	**123**	**0**	**0**	**0**	**0**
as a % of total EBITDA	*2*	*4*	*3*	*2*	*-*	*-*	*-*	
EBITDA margin (%)	*2.8*	*3.8*	*3.0*	*1.9*				
Consolidated EBITDA	**2,866**	**3,791**	**5,128**	**6,976**	**15,076**	**18,665**	**23,183**	**34,911**
EBITDA margin (%)	*4.4*	*3.5*	*4.2*	*3.9*	*3.9*	*3.8*	*3.6*	*3.9*
EBITDA growth (%)	*28.5*	*32.3*	*35.3*	*36.1*	*116.1*	*23.8*	*24.2*	*50.6*
Depreciation	437	840	1,146	1,619	2,810	3,930	5,124	6,063
EBIT	**2,429**	**2,952**	**3,981**	**5,357**	**12,266**	**14,735**	**18,059**	**28,848**
EBIT margin (%)	*3.8*	*2.8*	*3.3*	*3.0*	*3.2*	*3.0*	*2.8*	*3.2*
Other income	16	38	56	226	202	7,130	364	546
Interest	274	442	606	747	1,544	1,375	1,631	1,779
PBT	**2,170**	**2,548**	**3,432**	**4,836**	**10,924**	**20,491**	**16,792**	**27,615**
Tax	572	644	897	1,189	3,372	4,263	3,493	5,799
Tax Rate (%)	*26.4*	*25.3*	*26.1*	*24.6*	*30.9*	*20.8*	*20.8*	*21.0*
PAT	**1,598**	**1,902**	**2,555**	**3,677**	**6,356**	**8,906**	**11,767**	**18,678**
PAT margin (%)	*2.5*	*1.8*	*2.1*	*2.1*	*1.6*	*1.8*	*1.8*	*2.1*
EPS (Rs)	**27.3**	**32.0**	**42.9**	**61.5**	**105.5**	**146.5**	**193.5**	**307.2**
Capex	-1,680	-4,174	-4,502	-5,686	-8,956	-10,579	-10,000	-11,000
FCF	22	-1,446	2,755	157	2,541	7,244	5,189	17,462
ROE (%)	25.0	21.9	22.4	24.7	27.0	23.2	22.5	28.1
ROCE - Pre tax (%)	28.7	21.6	23.1	26.8	37.8	27.4	25.1	32.1

Source: Company, Emkay Research; Note: Dixon has sold off its stake in the security and surveillance business and has transferred the Lighting business to a 50:50 JV with Signify

Exhibit 5: We raise FY27E/28E EPS by 14%/17%, factoring in the scale-up of volume from Vivo via a JV

(Rs mn)	Actual	Revised		Earlier		Change in Estimates		Growth yoy (%)	
Revenue (Rs mn)	**FY26**	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Consumer Electronics	**28,920**	**20,305**	**20,296**	**20,305**	**20,296**	***0.0***	***0.0***	***-29.8***	***0.0***
Lighting	**2,978**	**0**	**0**	**0**	**0**				
Washing Machine	**14,260**	**16,463**	**17,741**	**16,463**	**17,741**	***0.0***	***0.0***	***15.4***	***7.8***
Mobiles and EMS (100% stake)	**442,570**	**601,015**	**847,059**	**518,677**	**684,846**	***15.9***	***23.7***	***35.8***	***40.9***
Smart (Padget–Gionee)	0	0	0	0	0				
Smart (Motorola, Xiaomi, Itel, Nokia)	279,180	399,469	620,809	322,476	466,439	*23.9*	*33.1*	*43.1*	*55.4*
Feature (Itel, Nokia, Jio)	19,890	15,912	12,730	15,912	12,730	*0.0*	*0.0*	*-20.0*	*-20.0*
Samsung Smart (Job work)	14,375	12,938	13,720	12,938	13,720	*0.0*	*0.0*	*-10.0*	*6.1*
Exports	39,900	46,213	59,663	40,868	51,820	*13.1*	*15.1*	*15.8*	*29.1*
Wearables / Hearables	6,222	6,844	7,529	6,844	7,529	*0.0*	*0.0*	*10.0*	*10.0*
Telecom Products	50,000	80,000	86,400	80,000	86,400	*0.0*	*0.0*	*60.0*	*8.0*
IT Products	13,860	39,640	46,208	39,640	46,208	*0.0*	*0.0*	*186.0*	*16.6*
Refrigerators	7,868	13,945	14,935	13,945	14,935	*0.0*	*0.0*	*77.2*	*7.1*
Total	**488,728**	**651,726**	**900,031**	**569,389**	**737,818**	***14.5***	***22.0***	***33.4***	***38.1***
(Rs mn)	**Actual**	**Revised**		**Earlier**		**Change in Estimates**		**Growth yoy (%)**	
EBITDA	**FY26**	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Consumer Electronics	683	658	699	658	699	0.0	0.0	-3.6	6.1
Lighting	116	0	0	0	0			-	-
Washing Machine	1,580	1,811	1,952	1,811	1,952	0.0	0.0	14.6	7.8
Mobiles and EMS	**15,540**	**19,389**	**30,842**	**16,887**	**25,153**	**14.8**	**22.6**	**24.8**	**59.1**
Smartphones incl exports	10,961	11,907	19,458	9,761	14,902	22.0	30.6	8.6	63.4
Feature phones	756	525	446	525	446	0.0	0.0	-30.5	-15.2
Smartphones - through components	**0**	2,279	5,364	1,910	4,220	19.4	27.1		**135.3**
-- Camera Modules		*1,861*	*3,311*	*1,563*	*2,642*	*19.0*	*25.3*		*77.9*
-- Display Modules		*521*	*1,535*	*431*	*1,182*	*20.8*	*29.9*		*194.5*
-- Precision Components			*519*		*397*		*30.7*	-	-
Other EMS (H&W, Telecom etc)	2,683	3,293	3,768	3,293	3,768	0.0	0.0	22.7	14.4
IT products	444	1,229	1,432	1,229	1,432	0.0	0.0	177.1	16.6
IT products - Display	0	156	375	170	385	-7.9	-2.7		140.1
Refrigerators	747	1,325	1,419	1,325	1,419	0.0	0.0	77.2	7.1
Total	**18,666**	**23,183**	**34,911**	**20,681**	**29,222**	**12.1**	**19.5**	**24.2**	**50.6**
Minority Interest	**2,056**	**1,961**	**3,646**	**1,483**	**2,045**	**32.2**	**78.3**	**-4.6**	**85.9**
PAT	**8,906**	**11,767**	**18,678**	**10,285**	**15,851**	**14.4**	**17.8**	**32.1**	**58.7**
EPS (Rs)	**146**	**194**	**307**	**169**	**261**	**14.4**	**17.8**	**32.1**	**58.7**

Source: Company, Emkay Research; Note: Dixon has sold off its stake in the security and surveillance business and has transferred the Lighting business to a 50:50 JV with Signify

Dixon Technologies: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	**176,909**	**388,601**	**488,728**	**651,726**	**900,031**
Revenue growth (%)	45.1	119.7	25.8	33.4	38.1
EBITDA	**6,976**	**15,076**	**18,665**	**23,183**	**34,911**
EBITDA growth (%)	36.1	116.1	23.8	24.2	50.6
Depreciation & Amortization	1,619	2,810	3,930	5,124	6,063
EBIT	**5,357**	**12,266**	**14,735**	**18,059**	**28,848**
EBIT growth (%)	34.6	128.9	20.1	22.6	59.7
Other operating income	-	-	-	-	-
Other income	226	202	1,650	364	546
Financial expense	747	1,544	1,375	1,631	1,779
PBT	**4,836**	**10,924**	**15,011**	**16,792**	**27,615**
Extraordinary items	0	4,600	5,480	0	0
Taxes	1,189	3,372	4,263	3,493	5,799
Minority interest	(72)	(1,370)	(2,056)	(1,961)	(3,646)
Income from JV/Associates	102	174	215	429	508
Reported PAT	**3,677**	**10,956**	**14,386**	**11,767**	**18,678**
PAT growth (%)	43.9	197.9	31.3	(18.2)	58.7
Adjusted PAT	**3,677**	**6,356**	**8,906**	**11,767**	**18,678**
Diluted EPS (Rs)	**61.5**	**105.5**	**146.5**	**193.5**	**307.2**
Diluted EPS growth (%)	43.2	71.5	38.9	32.1	58.7
DPS (Rs)	**3.0**	**5.5**	**19.4**	**13.5**	**21.5**
Dividend payout (%)	**4.9**	**3.0**	**13.2**	**7.0**	**7.0**
EBITDA margin (%)	3.9	3.9	3.8	3.6	3.9
EBIT margin (%)	3.0	3.2	3.0	2.8	3.2
Effective tax rate (%)	24.6	30.9	28.4	20.8	21.0
NOPLAT (pre-IndAS)	**4,040**	**8,480**	**10,551**	**14,302**	**22,790**
Shares outstanding (mn)	60	60	61	61	61

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	120	121	122	122	122
Reserves & Surplus	16,829	29,982	46,645	57,588	74,958
Net worth	**16,949**	**30,102**	**46,767**	**57,710**	**75,080**
Minority interests	276	4,591	7,100	9,061	12,707
Non-current liab. & prov.	259	1,072	1,203	1,203	1,203
Total debt	**4,890**	**6,710**	**9,942**	**11,094**	**11,844**
Total liabilities & equity	**23,028**	**43,251**	**66,227**	**80,369**	**102,633**
Net tangible fixed assets	16,368	23,876	32,625	39,600	44,176
Net intangible assets	307	307	307	307	307
Net ROU assets	-	-	-	-	-
Capital WIP	683	2,570	5,708	3,609	3,970
Goodwill	303	570	5,800	5,800	5,800
Investments [JV/Associates]	200	5,356	7,065	12,065	17,065
Cash & equivalents	**2,087**	**2,635**	**12,414**	**11,663**	**22,336**
Current assets (ex-cash)	46,698	128,819	124,109	170,507	235,469
Current Liab. & Prov.	46,886	124,418	125,390	167,090	230,751
NWC (ex-cash)	**(188)**	**4,401**	**(1,281)**	**3,416**	**4,718**
Total assets	**23,028**	**43,251**	**66,227**	**80,369**	**102,633**
Net debt	2,803	4,074	(2,472)	(569)	(10,491)
Capital employed	23,028	43,251	66,227	80,369	102,633
Invested capital	**19,774**	**32,139**	**40,436**	**52,108**	**57,985**
BVPS (Rs)	283.4	499.6	769.2	949.2	1,234.9
Net Debt/Equity (x)	0.2	0.1	(0.1)	-	(0.1)
Net Debt/EBITDA (x)	0.4	0.3	(0.1)	-	(0.3)
Interest coverage (x)	7.5	8.1	11.9	11.3	16.5
RoCE (%)	**28.3**	**39.3**	**31.1**	**26.0**	**33.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
PBT (ex-other income)	4,836	15,524	20,491	17,221	28,123
Others (non-cash items)	-	-	-	-	-
Taxes paid	(1,218)	(2,760)	(4,146)	(3,493)	(5,799)
Change in NWC	(88)	(1,816)	2,233	(4,931)	(1,158)
Operating cash flow	**5,843**	**11,497**	**17,823**	**15,189**	**28,462**
Capital expenditure	(5,686)	(8,956)	(10,579)	(10,000)	(11,000)
Acquisition of business	366	(3,414)	(2,013)	(5,000)	(5,000)
Interest & dividend income	11	81	87	364	546
Investing cash flow	**(5,309)**	**(12,289)**	**(12,505)**	**(14,636)**	**(15,454)**
Equity raised/(repaid)	469	1,399	2,632	0	0
Debt raised/(repaid)	(496)	(117)	(1,506)	1,151	751
Payment of lease liabilities	-	-	-	-	-
Interest paid	(494)	(1,219)	(1,030)	(1,631)	(1,779)
Dividend paid (incl tax)	(179)	(329)	(1,178)	(824)	(1,307)
Others	-	-	-	-	-
Financing cash flow	**(700)**	**(266)**	**(1,082)**	**(1,304)**	**(2,336)**
Net chg in Cash	(166)	(1,058)	4,236	(751)	10,673
OCF	5,843	11,497	17,823	15,189	28,462
Adj. OCF (w/o NWC chg.)	5,931	13,313	15,590	20,119	29,620
FCFF	157	2,541	7,244	5,189	17,462
FCFE	(579)	1,079	5,956	3,921	16,230
OCF/EBITDA (%)	83.8	76.3	95.5	65.5	81.5
FCFE/PAT (%)	(15.7)	9.8	41.4	33.3	86.9
FCFF/NOPLAT (%)	**3.9**	**30.0**	**68.7**	**36.3**	**76.6**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
P/E (x)	219.2	74.1	92.0	69.6	43.9
EV/CE(x)	36.6	19.5	12.7	10.4	8.1
P/B (x)	47.6	27.0	17.5	14.2	10.9
EV/Sales (x)	4.6	2.1	1.7	1.2	0.9
EV/EBITDA (x)	115.9	53.6	43.3	34.9	23.2
EV/EBIT(x)	151.0	65.9	54.9	44.8	28.0
EV/IC (x)	40.9	25.2	20.0	15.5	13.9
FCFF yield (%)	-	0.3	0.9	0.6	2.2
FCFE yield (%)	(0.1)	0.1	0.7	0.5	2.0
Dividend yield (%)	-	-	0.1	0.1	0.2
DuPont-RoE split					
Net profit margin (%)	2.1	1.6	1.8	1.8	2.1
Total asset turnover (x)	8.7	11.7	8.9	8.9	9.8
Assets/Equity (x)	1.4	1.4	1.4	1.4	1.4
RoE (%)	**24.7**	**27.0**	**23.2**	**22.5**	**28.1**
DuPont-RoIC					
NOPLAT margin (%)	2.3	2.2	2.2	2.2	2.5
IC turnover (x)	10.9	15.0	13.5	14.1	16.4
RoIC (%)	**25.0**	**32.7**	**29.1**	**30.9**	**41.4**
Operating metrics					
Core NWC days	(0.4)	4.1	(1.0)	1.9	1.9
Total NWC days	**(0.4)**	**4.1**	**(1.0)**	**1.9**	**1.9**
Fixed asset turnover	8.8	13.0	11.0	11.0	12.7
Opex-to-revenue (%)	5.4	3.9	3.5	3.6	3.8

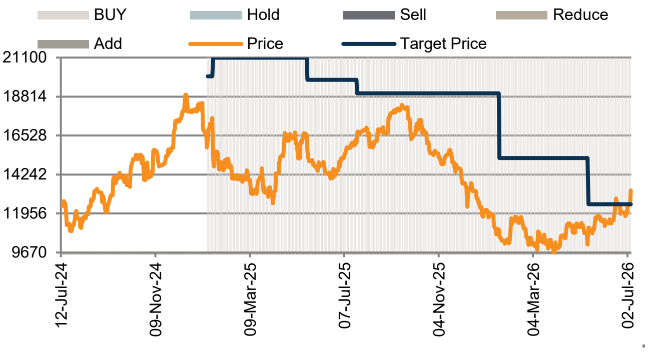
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
13-May-26	11,124	12,500	Buy	Chirag Jain
10-Mar-26	10,908	15,200	Buy	Chirag Jain
30-Jan-26	10,446	15,200	Buy	Chirag Jain
20-Jan-26	10,682	15,200	Buy	Chirag Jain
20-Oct-25	16,075	19,000	Buy	Chirag Jain
23-Jul-25	16,556	19,000	Buy	Chirag Jain
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

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. 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.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons1 may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests2 in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

[1] An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

1. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of July 10, 2026
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of July 10, 2026
5. EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the July 10, 2026
6. EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
7. EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
8. EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

Seshadri Kumar Sen

Digitally signed by Seshadri Kumar Sen
Date: 2026.07.10 01:40:42 +05'30'