

Dixon

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Capital Goods

COMPANY DETAILS

Market cap:	Rs. 61,572 cr
52-week high/low:	Rs. 18471/9828
NSE volume: (No of shares)	20.0 lakh
BSE code:	540699
NSE code:	DIXON
Free float: (No of shares)	4.2 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	28.8
FII	18.7
DII	29.1
Others	23.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-13.7	-28.3	-32.6	-28.6
Relative to Sensex	-10.3	-24.4	-30.6	-35.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 10,337**

Price Target: **Rs. 14,500**

Quick Snapshot

- Revenue grew 2% as mobile volumes fell 18% y-o-y (35% q-o-q) to 6.9 million units.
- EBITDA rose 6%; margins improved 15 bps to 3.9% via cost optimization and backward integration.
- FY26 volume guidance cut to 34–36mn units (from 40–42mn); FY27 recovery hinges on Vivo JV approval
- We retain a Buy rating with Rs. 14,500 PT, factoring 31%/38% revenue/PAT CAGR (FY25–28E). Stock trades at 40x/32x on FY26E/FY27E earnings respectively.

Result overview

- Mobile phones:** Growth was moderate at 5% on weaker volumes by its clients. Overall phone volumes fell 18% y-o-y / 36% q-o-q. Overall volumes for FY26 was guided at 40 million units now been reduced to 34-36 million units. Dixon remains confident to achieve earlier guidance of 60 million units in FY27 but comes with a caveat of approval of Vivo JV and availability of memory chips. The management is confident that the Vivo JV will be approved in the near term. Margins remained stable at 3.6% on the back of cost optimisations and backward integrations. We factor a volume number of 52-55 million in FY27 and 60-62 mn in FY28 and further incremental growth from the backward integrations.
- Consumer electronics and appliances:** Revenues declined by 10% to Rs 5,670 crore as an impact of lower volumes in TV (-16% y-o-y). Volumes of 3.2 million LED TV units was down 10%. Management highlighted that worldwide the TV industry volumes are subdued and the sector is under pressure and will remain weak in near term. The management is betting on expanding its ODM solutions for Amazon and other TV manufacturers etc. Refrigerator volumes also declined 10% on the weak demand aided by change in energy norms. Margins stand improved by 70 bps to 4.2%.
- Component plans and IT hardware to be next leg of growth:** Margin pressure likely in H1FY27 due to absence of PLI scheme which shall be compensated by backward integration into camera modules, Display screens. Full integration is expected by Q4FY27. Significant steps towards backward integration such as a JV with HKC for display modules, acquisition of Qtech for camera modules and JV with Chongqing for mechanicals would be providing that spurt in margins and volumes. Dixon looks one step ahead and will be entering the Display Fabrication business and looks to invest \$3 billion over time. Backward integration would enhance margins and value offerings to clients. The company has already been manufacturing a 30,000 units of laptops per month for. Management expects the revenues to the tune of Rs. 1500 crore for FY26 and expanding it to ~Rs. 5000 crore in 2-3 years.

Our Call

Strong order books and strong client base representing the top-most players of the industry gives a strong support to lead the growth in mobile and IT Hardware segments. Another leg of support will be provided by ramp-up in the IT and laptop segments. We retain a Buy rating with Rs. 14,500 PT, factoring 31%/38% revenue/PAT CAGR (FY25–28E). Stock trades at 40x/32x on FY26E/FY27E earnings respectively.

Key Risks

- Slowdown in consumer discretionary spending and a discontinuation or delay in the finalisation of business from its key customers might affect revenue growth.
- Adverse raw material prices, delay in passing on price hikes adequately and adverse forex fluctuations might affect margins.

Valuation

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	17,692	38,860	49,425	69,291	87,387
OPM (%)	3.9	3.9	3.5	3.9	3.9
Adjusted PAT	366	755	930	1,585	1,988
% y-o-y growth	45.2	106.5	23.2	70.4	25.5
Adjusted EPS (Rs.)	61.4	125.3	154.3	263.0	330.0
P/E (x)	170.1	83.3	67.7	39.7	31.6
EV/EBITDA (x)	88.9	41.7	36.6	23.1	18.3
RoCE (%)	27.8	38.4	29.5	38.5	37.0
RoNW (%)	24.5	32.1	26.8	33.6	30.6

Source: Company; Mirae Asset Sharekhan estimates

Concall Highlights:

- **Growth drivers:** These include the IT hardware business, Telecom business and component manufacturing business.
- Smartphone demand slowdown post-festive season, high inventory, 7% y-o-y decline in industry shipments and rising memory/component costs impacted volumes and profitability. Mobile segment revenues grew modestly 5% y-o-y in some views (defying decline expectations) but volumes were weaker.
- Expecting Vivo PN3 approval soon; ECMS (likely Electronics Components Manufacturing Scheme) approvals for camera and display modules anticipated shortly.
- HKC JV trial productions to begin in 1Q27 with scale up 2Q27E onwards and Q-tech capacity addition from 40 million to 180 million. Mobile margins should see meaningful expansion in FY28E on scale up of its plans.
- Dixon has entered robotic cleaners with Eureka Forbes (Dec-26) and fully automatic front load washers which will begin in 2Q27 with a 300k capacity. It aims to enter water purifiers, vacuum cleaners etc. However, it will be a key monitorable how Dixon scales up in these newer segments.
- Dixon is planning on participating for display modules in JV with HKC, which is already underway and expected to be commissioned by 4Q26 with an investment of ~Rs2.5bn and capacity of 2mn/mth, which will be further expanded to 5mn/mth (60mn annual). Further, this will be extended to Notebooks with a 2mn p.a capacity and thereafter for Auto displays and TV panels over the medium to long term.

Results

	Rs cr				
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Revenue	10,672	10,454	2.1	14,855	(28.2)
Operating Expenses	10,257	10,063	1.9	14,294	(28.2)
Operating profit	414	391	6.1	561	(26.2)
Other Income	131	7	1,920.3	495.7	(73.5)
Interest	43	41	4.9	38	11.8
Depreciation	99	76	31.0	96	2.9
PBT	404	281	44.0	922	(56.2)
Tax	91	69	32.3	178	(48.8)
Reported PAT	321	215	48.9	746	(57.0)
Adjusted PAT	321	215	48.9	746	(57.0)
Adj. EPS (Rs.)	53.0	36.3	46.1	123.3	(57.0)
Margin			bps		bps
OPM (%)	3.9	3.7	15	3.8	10
NPM (%)	3.0	2.1	94	5.0	(202)
Tax rate (%)	22.6	24.6	(199)	19.3	328

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Motilal Oswal AMC Ltd	3.9
2	Nippon Life India AMC Ltd	2.64
3	Vanguard Group Inc.	2.63
4	Kotak Mahindra AMC Ltd	2.37
5	Blackrock Inc	2.22
6	UTI AMC Ltd	1.77
7	HDFC AMC Ltd	1.46
8	Invesco AMC Ltd	1.44
9	Axis AMC Ltd	1.26
10	Canara Robeco AMC Ltd	1.23

Source: Bloomberg

Key management personnel

Name	Designation
Sunil Vachani	Executive Chairperson
Atul B. Lall	Executive Director
Saurabh Gupta	Chief Financial Officer
Abhijit Kotnis	Chief Operating Officer
Ashish Kumar	Company Secretary & Compliance Officer

Source: Bloomberg

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