

# Dixon Technologies | ADD

## Macro factors drive weak outlook

While Dixon's 3Q performance was in-line with expectations, concerns revolved around (1) macro concerns over memory shortage globally, (2) delay in receipt of regulatory approvals, and (3) stress on margin as the PLI comes to an end in 2026. The issue around memory shortage, easing of which is unknown to most, is likely to have a bearing on volumes, driving a cut in FY26E guidance from ~40mn smartphones to ~34mn, and high unpredictability over FY27E volumes. Further, management remained confident of receiving PN3 approvals for Vivo, but timelines remain uncertain. Lastly, on margin, some pressure upon completion of the PLI cannot be ruled out as full-blown benefits of backward integration will be seen only in FY28E. We factor this in through a 6-16% cut in EPS estimate across FY26-28E, valuing Dixon at 45x Dec'27E EPS, vs. 50x earlier to factor in uncertainties over growth, previously, the only meaningful reason for rich valuations. That said, the stock has corrected ~38% over the last 6M, basis which, we maintain ADD with a PT of INR 11,000 (vs. 13,800 earlier)

- **3Q performance largely in line:** 3Q revenue at INR 107bn, +2% YoY was 2% ahead of our estimate, and an 8% miss on consensus, driven predominantly by a (1) 5% YoY growth in the mobiles & EMS business (~91% of revenue), (2) consumer electronics (~5% of revenue) and home appliances (~3% of revenue) seeing a decline of 10% and growth of 13% respectively, and (3) the lighting business (~2% of revenue, being shifted to the JV with Signify). However, adjusting for the acquisition of Qtech (camera modules), organic revenue declined ~2% YoY. EBITDA at INR 4.1bn, +6% YoY was 4% ahead of our estimate and 7% miss on consensus. 3Q margin at 3.9%, was a shade higher than estimate of 3.8% and 20bps higher YoY. Adj. 3Q PAT stood at INR 1.8bn, in line with our estimate and a 3% miss on the consensus.
- **Concerns over memory shortages drive cut in FY26E guidance and uncertainty over FY27E.** Global memory chip markets are experiencing a shortage due to reallocation of capacities to AI infrastructure [our recent note](#). Memory manufacturers Samsung, SK Hynix, and Micron (combined share >90%) prioritising production of server-grade memory for AI uses has limited supply elsewhere. Smartphone brands in the low-end of the market are likely to suffer more as memory forms a larger portion of their BoM (~20% of budget/~10% of premium smartphones). While this does not put Dixon's unit economics at risk since cost increases are a pass through, it does pose a risk to volumes until memory capacities ease. There exists no certainty around when this situation would subside, driving uncertainty over smartphone volumes in FY27/28E. Basis that and a weak volume performance in 3Q, management cut its FY26E guidance from 40-42mn smartphones to ~34mn, and indicated unpredictability around FY27E volumes.
- **Despite delays, management confident of Vivo approvals coming in:** Besides uncertainties around memory shortage, another limiting factor for Dixon has been the delay in receiving PN3 approvals for the Vivo JV, which is key to FY27E volume growth. While management indicated confidence around receiving the same, it added that commencement of operations would take another 45-60 days once approvals are in place. Hence, assuming approvals come in by end-Feb/Mid-Mar, commencement of operations is likely around May'26.
- **Backward integration a FY28E story, cannot rule out risk to FY27E margin:** Dixon's key backward integration initiatives include display modules and camera modules. On timelines, management indicated that full-blown benefits of these initiatives will be seen in FY28E. The display facility is expected to commence operations by end-1QFY27/early-2QFY27, and thereon move towards mass production, while the camera module is currently undergoing a round of capacity expansion, post which meaningful benefit should be seen. On the back of this, and the PLI coming to an end in Mar'26, some uncertainty around margin cannot be ruled out.



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### Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	11,000
Upside/(Downside)	6.4%
Previous Price Target	13,800
Change	-20.3%

### Key Data – DIXON IN

Current Market Price	INR10,337
Market cap (bn)	INR627.3/US\$6.8
Free Float	61%
Shares in issue (mn)	59.8
Diluted share (mn)	61.8
3-mon avg daily val (mn)	INR6,607.3/US\$71.9
52-week range	18,472/9,990
Sensex/Nifty	82,566/25,419
INR/US\$	92.0

### Price Performance

%	1M	6M	12M
Absolute	-12.8	-38.4	-28.9
Relative*	-10.6	-39.3	-34.1

\* To the BSE Sensex

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,76,909	3,88,601	4,97,302	6,68,066	7,76,471
Sales Growth (%)	45.1	119.7	28.0	34.3	16.2
EBITDA	6,976	15,076	19,259	24,725	31,445
EBITDA Margin (%)	3.9	3.9	3.9	3.7	4.0
Adjusted Net Profit	3,678	6,356	8,674	11,968	16,099
Diluted EPS (INR)	61.5	106.2	140.2	193.5	260.3
Diluted EPS Growth (%)	43.3	72.8	32.0	38.0	34.5
ROIC (%)	28.4	37.5	33.5	32.7	33.4
ROE (%)	24.7	27.0	25.4	27.4	28.4
P/E (x)	168.2	97.3	73.7	53.4	39.7
P/B (x)	36.5	20.5	16.8	13.0	9.9
EV/EBITDA (x)	88.9	41.4	32.6	25.4	19.9
Dividend Yield (%)	0.0	0.1	0.1	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 29/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Key takeaways from concall

### Mobiles

- **Marco headwinds around memory shortage:** One major headwind is the shortage of memory globally; given key manufacturers have reallocated their capacities towards AI and data centre capacities. This has resulted in a supply squeeze as far as smartphone memory is concerned. Prices of DRAM have been up sharply over the last few quarters. Memory is now a sensitive portion of the BoM, especially for lower priced devices. The impact here is on the volumes side, there is no risk to unit economics specifically for Dixon, given any increase/decrease in costs is a pass through.
- **Smartphone volumes:** 3Q smartphone volumes stood at 6.9mn, taking 9M volumes to ~27mn. 4Q volumes to hover around ~7-7.5mn. FY27E numbers still being worked out. The situation is slightly skewed owing to memory prices.
- **Renewal of Mobile PLI:** Government has been engaging with industry players for renewal of the mobile PLI, however discussions are yet underway. Assuming the PLI does not get extended, the impact on margin can be ~0.5-0.6%. Ex of PLI and before backward integration kicks in, margin in the mobile business can hover around 2.9-3.2%. Backward integration should take care of this, but majorly from FY28E. For camera modules, expect commercial production to begin from
- **Camera module business under Qtech:** Revenue from Qtech in 3Q was INR 4bn. Significantly expanding capacities here. Expect camera module volumes in FY26E to hover around 40mn, and the idea is to augment these to ~180-190mn over the next couple years. Qtech is already supplying to several large brands in the Android ecosystem. Adjusting for Qtech, 3Q revenue stood at INR 102.7bn, declining 2% YoY.
- **Display sub-assembly:** In the display business, the building is ready and the first set of equipment for 2mn displays units per month for smartphones and 2mn displays per annum for notebooks and automotive has already arrived. It will take 2-3 months for installation hereon, and Jun/Jul'26, the trials and the commercial production should commence.
- **Operationalization of display sub-assembly not contingent upon HKC JV:** Management indicated that the commencement of operations in the display sub-assembly facility is not contingent upon the JV with HKC, which in turn is dependent on PN3 approvals. In the absence of PN3 approvals, this venture will be a 100% wholly owned subsidiary of Dixon, building on incentives under the ECMS.
- **Exports:** 45bn exports in 9M, expect close at 55-60bn for full year FY26. In discussion with other brands for new export orders, which should start firing from FY27E. Expect no major benefit from the EU FTA for smartphones, given duties on smartphones are not significant anyway.
- **Key approvals:**
  - Approvals for camera modules and optical transceivers received under the EMCS. Expect ECMS approvals for display modules and mechanicals shortly.
  - Vivo JV approval expected soon. Fairly close to receiving these approvals. After approvals, 45-60 days to receive other regulatory approvals and commence production.
- **Key capacity expansion initiatives:**
  - 400k sq.ft. facility being constructed for Longcheer JV should be completed by 1QFY27 and targeting to start mass manufacturing operations by 2QFY27. Looking to expand portfolio beyond mobiles to other IoT devices and smart devices.
  - 1mn sq. ft. capacity for Motorola expected to be completed by 1QFY27 and mass production to start by 2QFY27.
  - Facility for display module sub-assembly with HKC facility. Phase 1 capacity at 24mn displays p.a. for smartphones and 2mn p.a. for notebooks, predominantly for captive consumption. In the Phase 2, will expand to 55mn for smartphones. Have received an encouraging response from potential customers. Expect to start mass manufacturing by 2QFY27 in this facility.

## IT hardware

- IT hardware remains key to the next leg of growth for the Company, beyond smartphones. Mass production of SSD and memory modules targeted to commence in FY27E. Dixon is also in discussions with Inventec, its JV partner to manufacture servers, which should ideally be a higher margin business. IT hardware revenue for FY27E expected at INR 35-40bn.
- Dixon has bagged orders for desktops from one of the customers and will commence manufacturing from Q4FY26 in Chennai and also is in active discussions with an existing customer for manufacturing of tablets.

## Consumer Electronics

- 3Q witnessed a temporary moderation in industry demand, primarily driven by post-festive seasonality and elevated channel inventories. Management remains optimistic for recovery in volumes for Q1FY27 as channel inventories normalize,
- Dixon's strategy here is to increase market share in large screen TVs, smart and connected models and platform where they can differentiate on cost, quality and speed.

## Home Appliances

- In home appliances, Dixon strengthened its customer base by onboarding leading brands and Haier. Along with that, it has introduced new products including mini bars, 50 litres and 100 litres categories which have received an encouraging response. Their entire available capacity is already booked,
- In this segment, Dixon has introduced a new 170L low cost refrigerator model targeted at export markets which has seen healthy traction across both export and domestic channels.
- To support future growth, Dixon has commenced phased expansion, which is another 375,000 square feet facility which will enable manufacturing of two door refrigerators, deep freezers, busy coolers and side-by-side refrigerators.
- In washing machines, Dixon continues to demonstrate full ODM capabilities right from design support to testing and manufacturing. Simultaneously they continue to add capacities and introduce new product categories with more features and value-added offerings with increased focus on localization of critical components.
- Dixon has expanded into new category of semi-automatic washing machines in 16kg and 18kg. Capacity expansion here has been completed and mass production is likely to start by Mar'26.
- Dixon's new Tirupati facility for front-loading washing machine is ready and mass production to start by Q2FY27 with annual capacity of 300,000 units.
- Production started for robotic vacuum cleaners for your homes with healthy order book, and are actively exploring other appliances like microwaves and kitchen chimneys.

## Other takeaways

- **Capex:** 9M capex stands at INR 7.2bn. FY26 full year capex guidance at INR 11-12bn. Capex in display sub-assembly business includes that for smartphones, IT hardware, and LED TVs. Dixon will be incurring capex of INR 11-12bn for display sub-assembly. Qtech capex at INR 2.5-3bn. For mechanicals INR 500-600mn, and for batteries, numbers are yet to be worked out.

## Exhibit 1. Dixon Technologies – 3QFY26 results review

(INR mn)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26	Q3FY26E
Net Revenue	49,432	48,183	46,580	1,76,909	65,798	1,15,341	1,04,537	1,02,925	3,88,601	1,28,357	1,48,550	1,06,716	1,04,500
YoY	28%	100%	52%	45%	101%	133%	117%	121%	120%	95%	29%	2%	0%
Raw Material Costs	(44,691)	(43,918)	(42,223)	(1,60,390)	(60,169)	(1,06,605)	(96,801)	(94,753)	(3,58,328)	(1,18,749)	(1,38,014)	(98,858)	(95,722)
Gross Profit	4,741	4,265	4,356	16,519	5,629	8,736	7,736	8,172	30,273	9,607	10,537	7,858	8,778
Gross Profit margin %	9.6%	8.9%	9.4%	9.3%	8.6%	7.6%	7.4%	7.9%	7.8%	7.5%	7.1%	7.4%	8.4%
Employee Cost	(953)	(867)	(822)	(3,327)	(1,201)	(1,483)	(1,558)	(1,433)	(5,674)	(1,692)	(1,969)	(1,711)	(2,050)
% of sales	1.9%	1.8%	1.8%	1.9%	1.8%	1.3%	1.5%	1.4%	1.5%	1.3%	1.3%	1.6%	2.0%
Other expenses	(1,799)	(1,554)	(1,710)	(6,217)	(1,949)	(2,989)	(2,273)	(2,311)	(9,523)	(3,091)	(2,955)	(2,003)	(2,750)
% of sales	3.6%	3.2%	3.7%	3.5%	3.0%	2.6%	2.2%	2.2%	2.5%	2.4%	2.0%	1.9%	2.6%
EBITDA	1,989	1,844	1,825	6,976	2,479	4,264	3,905	4,428	15,076	4,824	5,613	4,145	3,978
YoY	37%	66%	17%	36%	88%	114%	112%	143%	116%	95%	32%	6%	2%
EBITDA margin%	4.0%	3.8%	3.9%	3.9%	3.8%	3.7%	3.7%	4.3%	3.9%	3.8%	3.8%	3.9%	3.8%
Total D&A Expense	(364)	(407)	(510)	(1,619)	(545)	(660)	(746)	(859)	(2,810)	(927)	(963)	(990)	(970)
EBIT	1,625	1,437	1,315	5,358	1,934	3,604	3,159	3,569	12,266	3,897	4,650	3,154	3,008
YoY	40%	75%	6%	35%	97%	122%	120%	172%	129%	102%	29%	0%	-17%
EBIT margin%	3.3%	3.0%	2.8%	3.0%	2.9%	3.1%	3.0%	3.5%	3.2%	3.0%	3.1%	3.0%	2.9%
Other Income	7	23	167	226	82	(57)	65	113	202	17	43	63	50
Finance Costs	(171)	(222)	(214)	(748)	(293)	(379)	(409)	(463)	(1,544)	(326)	(384)	(429)	(350)
PBT	1,461	1,237	1,267	4,836	1,723	3,167	2,816	3,219	10,925	3,588	4,310	2,789	2,708
YoY	45%	77%	15%	41%	98%	117%	128%	154%	126%	108%	36%	-1%	-14%
Income Tax Expense	(352)	(287)	(322)	(1,189)	(400)	(1,172)	(689)	(1,111)	(3,372)	(855)	(1,092)	(730)	(650)
Rate %	24.1%	23.2%	25.4%	24.6%	23.2%	37.0%	24.5%	34.5%	30.9%	23.8%	25.3%	26.2%	24.0%
Share of JCEs/Associates	25	19	28	102	74	26	36	38	174	68	12	78	100
Exceptional	-	-	-	-	-	2,096	-	2,504	4,600	-	-	-	-
Net Profit	1,134	970	973	3,748	1,397	4,117	2,162	4,650	12,327	2,801	3,230	2,137	2,158
Margins	2.3%	2.0%	2.1%	2.1%	2.1%	3.6%	2.1%	4.5%	3.2%	2.2%	2.2%	2.0%	2.1%
YoY	47.0%	86.8%	20.7%	47.0%	108.0%	263.2%	123.0%	377.7%	228.9%	100.4%	-21.5%	-1.2%	-0.2%
Minority Interest	(60)	(6)	(21)	(72)	(60)	(219)	(450)	(641)	(1,370)	(551)	(757)	(333)	(375)
As % of NP	5.3%	0.7%	2.2%	1.9%	4.3%	5.3%	20.8%	13.8%	11.1%	19.7%	23.4%	15.6%	17.4%
Net Profit	1,073	963	952	3,677	1,337	3,899	1,712	4,009	10,956	2,250	2,473	1,804	1,783
YoY	38.9%	85.7%	18.1%	43.9%	94.3%	263.3%	77.7%	321.1%	198.0%	68.3%	-36.6%	5.4%	4.2%
Net Margin%	2.2%	2.0%	2.0%	2.1%	2.0%	3.4%	1.6%	3.9%	2.8%	1.8%	1.7%	1.7%	1.7%
Adj. PAT to Shareholders	1,073	963	952	3,677	1,337	1,802	1,712	1,505	6,356	2,250	2,473	1,804	1,783
YoY	39.2%	85.6%	18.1%	43.9%	94.3%	67.9%	77.7%	58.0%	72.9%	68.3%	37.2%	5.4%	4.2%

Source: Company, JM Financial

## Exhibit 2. Dixon – 3QFY26 segmental results review

(INR mn)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26	Q2FY26	Q3FY26
<b>Revenue Split</b>												
<b>Consumer Electronics</b>	<b>14,400</b>	<b>9,290</b>	<b>8,970</b>	<b>41,480</b>	<b>8,550</b>	<b>14,130</b>	<b>6,330</b>	<b>6,890</b>	<b>35,900</b>	<b>6,720</b>	<b>9,560</b>	<b>5,670</b>
YoY %	-4%	8%	-9%	-3%	-3%	-2%	-32%	-23%	-13%	-21%	-32%	-10%
% of Total	29%	19%	19%	23%	13%	12%	6%	7%	9%	5%	6%	5%
<b>Lighting Products</b>	<b>1,810</b>	<b>1,870</b>	<b>1,970</b>	<b>7,870</b>	<b>2,270</b>	<b>2,330</b>	<b>2,010</b>	<b>2,000</b>	<b>8,610</b>	<b>1,880</b>		
YoY %	-38%	-29%	-27%	-25%	2%	29%	7%	2%	9%	-17%		
% of Total	4%	4%	4%	4%	3%	2%	2%	2%	2%	1%		
<b>Home Appliances</b>	<b>3,640</b>	<b>2,880</b>	<b>2,940</b>	<b>12,050</b>	<b>3,050</b>	<b>4,440</b>	<b>3,150</b>	<b>3,020</b>	<b>13,660</b>	<b>3,130</b>	<b>4,290</b>	<b>3,550</b>
YoY %	0%	18%	5%	5%	18%	22%	9%	3%	13%	3%	-3%	13%
% of Total	7%	6%	6%	7%	5%	4%	3%	3%	4%	2%	3%	3%
<b>Mobile Phones &amp; EMS</b>	<b>28,190</b>	<b>32,140</b>	<b>30,910</b>	<b>1,09,190</b>	<b>51,920</b>	<b>94,440</b>	<b>93,050</b>	<b>91,020</b>	<b>3,30,430</b>	<b>1,16,630</b>	<b>1,33,610</b>	<b>97,500</b>
YoY %	77%	251%	119%	109%	189%	235%	190%	194%	203%	125%	41%	5%
% of Total	57%	67%	66%	62%	79%	82%	89%	88%	85%	91%	91%	91%
<b>Total Revenues</b>	<b>49,440</b>	<b>48,180</b>	<b>46,580</b>	<b>1,76,920</b>	<b>65,790</b>	<b>1,15,340</b>	<b>1,04,540</b>	<b>1,02,930</b>	<b>3,88,600</b>	<b>1,28,360</b>	<b>1,47,460</b>	<b>1,06,720</b>
<b>YoY %</b>	<b>28%</b>	<b>100%</b>	<b>52%</b>	<b>45%</b>	<b>101%</b>	<b>133%</b>	<b>117%</b>	<b>121%</b>	<b>120%</b>	<b>95%</b>	<b>28%</b>	<b>2%</b>
<b>EBITDA Split</b>												
<b>Consumer Electronics</b>	<b>490</b>	<b>320</b>	<b>300</b>	<b>1,410</b>	<b>290</b>	<b>520</b>	<b>220</b>	<b>420</b>	<b>1,450</b>	<b>400</b>	<b>390</b>	<b>240</b>
EBITDA Margin %	3.4%	3.4%	3.3%	3.4%	3.4%	3.7%	3.5%	6.1%	4.0%	6.0%	4.1%	4.2%
<b>Lighting Products</b>	<b>130</b>	<b>130</b>	<b>142</b>	<b>592</b>	<b>150</b>	<b>170</b>	<b>140</b>	<b>150</b>	<b>610</b>	<b>110</b>		
EBITDA Margin %	7.2%	7.0%	7.2%	7.5%	6.6%	7.3%	7.0%	7.5%	7.1%	5.9%		
<b>Home Appliances</b>	<b>420</b>	<b>299</b>	<b>301</b>	<b>1,300</b>	<b>320</b>	<b>490</b>	<b>320</b>	<b>370</b>	<b>1,500</b>	<b>360</b>	<b>500</b>	<b>410</b>
EBITDA Margin %	11.5%	10.4%	10.2%	10.8%	10.5%	11.0%	10.2%	12.3%	11.0%	11.5%	11.7%	11.5%
<b>Mobile Phones &amp; EMS</b>	<b>930</b>	<b>1,040</b>	<b>1,050</b>	<b>3,550</b>	<b>1,710</b>	<b>3,080</b>	<b>3,220</b>	<b>3,490</b>	<b>11,500</b>	<b>3,950</b>	<b>4,720</b>	<b>3,500</b>
EBITDA Margin %	3.3%	3.2%	3.4%	3.3%	3.3%	3.3%	3.5%	3.8%	3.5%	3.4%	3.5%	3.6%

Source: Company, JM Financial

**Exhibit 3. Dixon – EPS revision table**

INR mn	FY26E	FY27E	FY28E
<b>Revenues</b>			
Old	5,10,802	7,25,139	8,39,917
New	4,97,302	6,68,066	7,76,471
Change	-2.6%	-7.9%	-7.6%
<b>EBITDA</b>			
Old	19,729	27,874	34,566
New	19,259	24,725	31,445
Change	-2.4%	-11.3%	-9.0%
<b>EBITDA margins</b>			
Old	3.9%	3.9%	4.1%
New	3.9%	3.7%	4.0%
Change	1	-20	-7
<b>Recurring PAT</b>			
Old	9,231	14,269	18,219
New	8,674	11,968	16,099
Change	-6.0%	-16.1%	-11.6%
<b>EPS</b>			
Old	149.3	230.7	294.6
New	140.2	193.5	260.3
Change	-6.0%	-16.1%	-11.6%

Source: Company, JM Financial

**Exhibit 4. Dixon – 1-yr forward P/E band chart (last 5 years)**

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,76,909	3,88,601	4,97,302	6,68,066	7,76,471
Sales Growth	45.1%	119.7%	28.0%	34.3%	16.2%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>1,76,909</b>	<b>3,88,601</b>	<b>4,97,302</b>	<b>6,68,066</b>	<b>7,76,471</b>
Cost of Goods Sold/Op. Exp	1,60,390	3,58,328	4,60,004	6,16,291	7,14,354
Personnel Cost	0	0	0	0	0
Other Expenses	9,543	15,197	18,038	27,050	30,673
<b>EBITDA</b>	<b>6,976</b>	<b>15,076</b>	<b>19,259</b>	<b>24,725</b>	<b>31,445</b>
EBITDA Margin	3.9%	3.9%	3.9%	3.7%	4.0%
EBITDA Growth	36.1%	116.1%	27.8%	28.4%	27.2%
Depn. & Amort.	1,619	2,810	3,931	4,588	5,490
EBIT	5,357	12,266	15,328	20,137	25,954
Other Income	226	202	224	203	284
Finance Cost	747	1,544	1,508	1,104	1,002
PBT before Excep. & Forex	4,836	10,924	14,044	19,236	25,236
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	4,836	10,924	14,044	19,236	25,236
Taxes	1,189	3,372	3,524	4,809	6,057
Extraordinary Inc./Loss(-)	0	4,600	0	0	0
Assoc. Profit/Min. Int.(-)	-31	1,197	1,847	2,459	3,081
Reported Net Profit	3,678	10,955	8,674	11,968	16,099
<b>Adjusted Net Profit</b>	<b>3,678</b>	<b>6,356</b>	<b>8,674</b>	<b>11,968</b>	<b>16,099</b>
Net Margin	2.1%	1.6%	1.7%	1.8%	2.1%
Diluted Share Cap. (mn)	59.8	59.8	61.8	61.8	61.8
<b>Diluted EPS (INR)</b>	<b>61.5</b>	<b>106.2</b>	<b>140.2</b>	<b>193.5</b>	<b>260.3</b>
Diluted EPS Growth	43.3%	72.8%	32.0%	38.0%	34.5%
Total Dividend + Tax	299	479	680	928	928
Dividend Per Share (INR)	5.0	8.0	11.0	15.0	15.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,488	7,583	5,150	7,159	10,042
Depn. & Amort.	1,619	2,810	3,931	4,588	5,490
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	379	-4,501	-2,738	-7,799	-8,280
Others	16	741	0	0	0
Taxes Paid	1,189	3,372	3,524	4,809	6,057
<b>Operating Cash Flow</b>	<b>5,691</b>	<b>10,005</b>	<b>9,867</b>	<b>8,757</b>	<b>13,309</b>
Capex	-8,631	-12,205	-12,384	-9,350	-10,350
Free Cash Flow	-2,940	-2,199	-2,516	-593	2,959
Inc (-) / Dec in Investments	241	-5,156	0	0	0
Others	1,434	-430	0	0	0
<b>Investing Cash Flow</b>	<b>-6,956</b>	<b>-17,790</b>	<b>-12,384</b>	<b>-9,350</b>	<b>-10,350</b>
Inc / Dec (-) in Capital	999	11,592	2,097	2,789	3,486
Dividend + Tax thereon	-299	-479	-680	-928	-928
Inc / Dec (-) in Loans	359	1,820	286	-1,000	-200
Others	0	0	0	0	0
<b>Financing Cash Flow</b>	<b>1,059</b>	<b>12,933</b>	<b>1,702</b>	<b>861</b>	<b>2,358</b>
<b>Inc / Dec (-) in Cash</b>	<b>-205</b>	<b>5,149</b>	<b>-814</b>	<b>267</b>	<b>5,317</b>
Opening Cash Balance	2,292	2,087	2,635	1,822	2,089
Closing Cash Balance	2,087	7,235	1,822	2,089	7,406

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	16,948	30,102	38,096	49,135	64,306
Share Capital	119	121	121	121	121
Reserves & Surplus	16,829	29,982	37,975	49,015	64,186
Preference Share Capital	0	0	0	0	0
Minority Interest	276	4,591	6,688	9,477	12,962
Total Loans	1,550	2,023	2,309	1,309	1,109
Def. Tax Liab. / Assets (-)	240	980	980	980	980
<b>Total - Equity &amp; Liab.</b>	<b>19,014</b>	<b>37,696</b>	<b>48,073</b>	<b>60,901</b>	<b>79,358</b>
Net Fixed Assets	17,358	24,045	32,498	37,260	42,120
Gross Fixed Assets	20,527	28,109	40,109	49,109	59,109
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	3,852	6,633	10,181	14,418	19,559
Capital WIP	683	2,570	2,570	2,570	2,570
Investments	200	5,356	5,356	5,356	5,356
Current Assets	52,337	1,38,176	1,70,983	2,26,519	2,69,901
Inventories	16,950	39,924	52,278	71,440	84,463
Sundry Debtors	23,179	69,655	90,921	1,27,028	1,52,069
Cash & Bank Balances	2,087	2,635	1,822	2,089	7,406
Loans & Advances	20	0	0	0	0
Other Current Assets	10,102	25,962	25,962	25,962	25,962
Current Liab. & Prov.	50,881	1,29,881	1,60,764	2,08,233	2,38,018
Current Liabilities	44,372	1,13,791	1,44,673	1,92,143	2,21,928
Provisions & Others	6,509	16,091	16,091	16,091	16,091
Net Current Assets	1,456	8,295	10,219	18,285	31,883
<b>Total - Assets</b>	<b>19,014</b>	<b>37,696</b>	<b>48,073</b>	<b>60,901</b>	<b>79,358</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.1%	1.6%	1.7%	1.8%	2.1%
Asset Turnover (x)	8.7	11.8	10.3	11.2	10.3
Leverage Factor (x)	1.4	1.4	1.4	1.4	1.3
RoE	24.7%	27.0%	25.4%	27.4%	28.4%

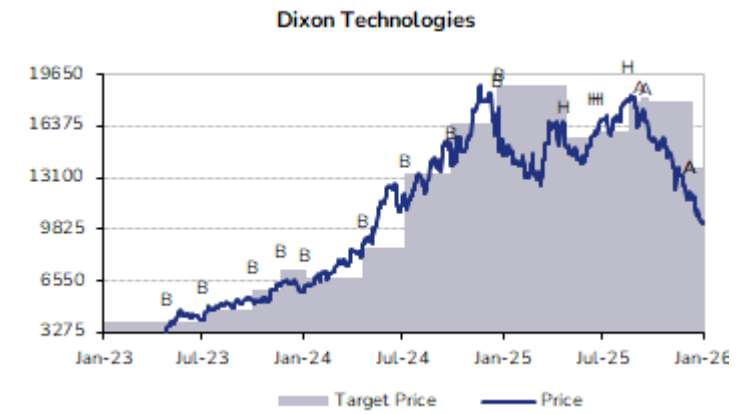
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	283.2	503.1	616.0	794.5	1,039.8
ROIC	28.4%	37.5%	33.5%	32.7%	33.4%
ROE	24.7%	27.0%	25.4%	27.4%	28.4%
Net Debt/Equity (x)	0.0	0.0	0.0	0.0	-0.1
P/E (x)	168.2	97.3	73.7	53.4	39.7
P/B (x)	36.5	20.5	16.8	13.0	9.9
EV/EBITDA (x)	88.9	41.4	32.6	25.4	19.9
EV/Sales (x)	3.5	1.6	1.3	0.9	0.8
Debtor days	48	65	67	69	71
Inventory days	35	37	38	39	40
Creditor days	87	106	107	106	106

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Oct-22	Buy	5,000	
26-Jan-23	Buy	4,000	-20.0
23-May-23	Buy	4,000	0.0
30-Jul-23	Buy	4,700	17.5
27-Oct-23	Buy	5,975	27.1
19-Dec-23	Buy	7,215	20.8
1-Feb-24	Buy	6,740	-6.6
16-May-24	Buy	8,620	27.9
31-Jul-24	Buy	13,420	55.7
25-Oct-24	Buy	16,570	23.5
17-Jan-25	Buy	19,000	14.7
20-Jan-25	Buy	19,000	0.0
21-May-25	Hold	15,650	-17.6
16-Jul-25	Hold	16,000	2.2
22-Jul-25	Hold	16,100	0.6
16-Sep-25	Hold	18,000	11.8
8-Oct-25	Add	18,150	0.8
18-Oct-25	Add	18,000	-0.8
6-Jan-26	Add	13,800	-23.3
7-Jan-26	Add	13,800	0.0

## Recommendation History





## APPENDIX I

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

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Rating	Meaning
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ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
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