KEYNOTE

INITIATING COVERAGE

Dixon Technologies (India) Ltd.

Vertical integration to drive value unlocking

Buy

Current Price: Rs 13,160 | Market Cap: Rs 808.17 Bn

8th July 2026

DTIL | Initiating Coverage Report

Vertical integration to drive value unlocking

Dixon Technologies (India) Limited (DTIL), established in 1993, is India's largest homegrown Electronics Manufacturing Services (EMS) Company. Over the years, DTIL has built a diversified product portfolio across mobile phones, LED televisions, home appliances, lighting products and is venturing into other specialty EMS verticals such as aerospace, automotive, defence, medical and industrial electronics. The Company's increasing focus on specialty EMS is aimed at diversifying revenue streams, reducing dependence on consumer-led cyclicality and improving the overall margin profile. To drive this transition, DTIL has appointed a senior executive at the President and CEO level to lead the specialty EMS business.

Deepening value chain through backward integration

DTIL is progressively moving beyond pure-play assembly towards deeper backward integration across key components such as camera modules, display modules, display fabrication and other critical components. The acquisition of a 51% stake in Q-Tech India strengthens DTIL's position under the Electronic Components Manufacturing Scheme (ECMS), while giving access to camera and fingerprint module manufacturing for smartphones, IoT and automotive applications. In displays, the 74:26 JV with HKC Corporation provides in-house LCD and OLED manufacturing capability. This is strategically important as display panels account for ~60-70% of television manufacturing cost and ~12-15% of smartphone and notebook cost. Over time, this vertical integration should transform DTIL from a low-margin assembler into a technology-led manufacturer, strengthen entry barriers, deepen customer relationships and support a more sustainable earnings profile as PLI benefits phase out.

Vivo JV to anchor mobile manufacturing scale and revenue visibility

DTIL is in advanced stages of securing FDI approval for its proposed 51:49 joint venture with Vivo, India's leading smartphone brand by volume. Post approval and formalisation, the partnership is expected to contribute nearly 67% of Vivo's handset volumes, translating into ~20-22 Mn units per annum. This can materially improve DTIL's mobile phone volumes from 32 Mn to ~55 Mn units and create a stable revenue stream for the mobile segment. Alongside Vivo, DTIL is also exploring export opportunities through its Ismartu subsidiary in Africa and a JV with Longcheer, while continued momentum from its existing large US customer further strengthens the export revenue profile. Collectively, DTIL's mobile business remains well anchored, with client stickiness and volume scale being its two most durable competitive advantages.

View and valuation

We estimate DTIL to deliver revenue growth of 20-25% over FY27-29, supported by the Vivo JV, subject to approval. In addition, the Company's expansion across telecom, IT hardware, camera modules, displays, hearables and wearables should provide additional medium-term growth levers. Its backward integration initiatives are also expected to support gradual margin improvement. We initiate coverage on DTIL with a BUY rating, valuing the Company at 65x FY28E P/E, implying an upside of 26%.

BUY

CMP Rs. 13,160

TARGET Rs. 16,608 (+26%)

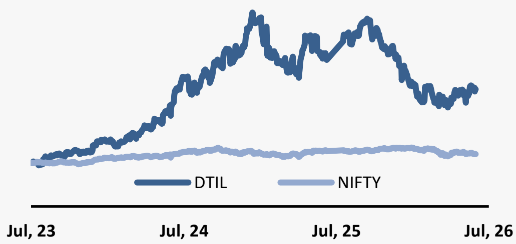
Company Data

Bloomberg Code	DIXON:IN
MCAP (Rs. Bn)	808.17
O/S Shares (Mn)	61.1
52w High/Low	18,471 / 9,600
Face Value (in Rs.)	2
Liquidity (3M) (Rs. Mn)	7,494

Shareholding Pattern %

	Mar-26	Dec-25	Sep-25
Promoters	28.7	28.9	28.9
FIIs	18.3	18.7	20.7
DIIs	28.1	29.0	28.9
Non-Institutional	24.9	23.4	21.4

DTIL vs Nifty



Key Financial Data

(Rs. Bn)	FY26	FY27E	FY28E
Revenue	489	545	780
EBITDA	19	19	31
Net Profit	14	8	16
Total Assets	192	238	319
ROCE (%)	25%	20%	29%
ROE (%)	37%	17%	24%

Source: Company, Keynote Capitals Ltd.

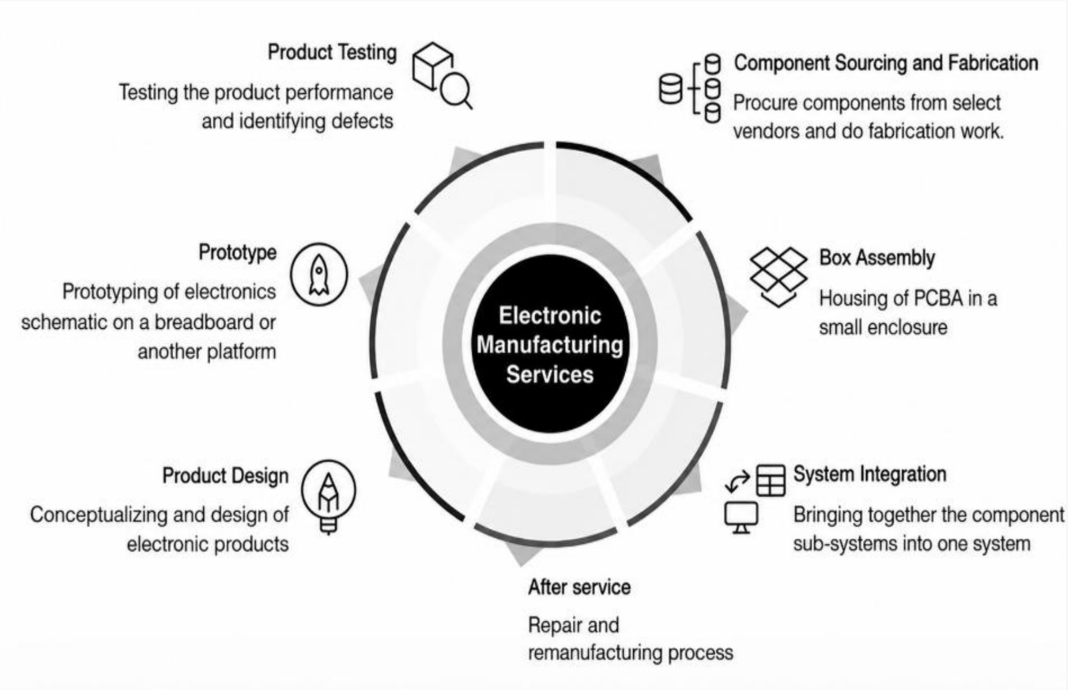
Manish Choraghe, Research Analyst
Manish.c@keynotecapitals.net

Content

Electronics Manufacturing Services Industry

Electronics Manufacturing Services (EMS) companies occupy a critical position in the electronics value chain, spanning design, assembly, testing, and after-sales support. This end-to-end capability allows global and domestic brands to scale efficiently without committing to capital-intensive manufacturing infrastructure. By outsourcing to EMS partners, brands can concentrate resources on their core competencies: innovation, distribution, and brand building.

Range of services offered by EMS companies

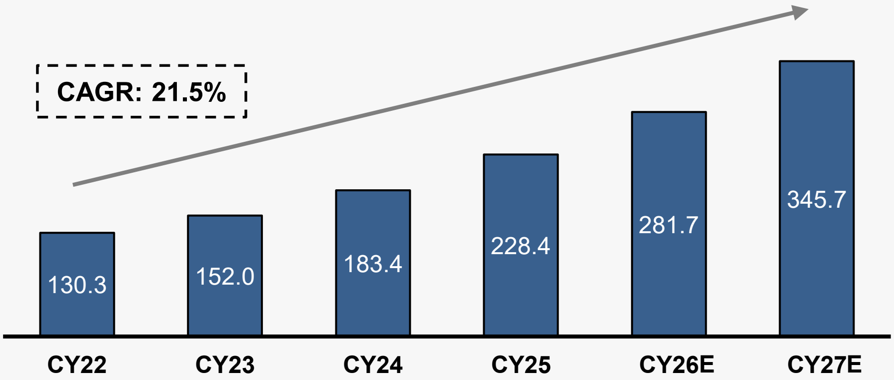


Source: Company, Keynote Capitals Ltd.

India's EMS industry stands at a structural transformation phase. It has completed a “volume and assembly” phase and is now shifting focus to backward integration, component localisation and R&D. As electronics permeate sectors such as automotive, industrials, consumer durables, energy, defence, medical devices, and infrastructure, demand for agile and scalable manufacturing has surged. Simultaneously, shifting geopolitics, adoption of "China +1" sourcing strategies, and cost-effective labour are prompting global brands to diversify production bases, positioning India as a credible manufacturing alternative given its scale, talent pool, and improving business environment. Government-led incentive schemes, including PLI, ECMS, and ISM, further support domestic electronics production and integration into global supply chains. The Indian EMS market is projected to reach $ 345.7 Bn by CY27, implying a 21.5% CAGR over FY22-27.

India’s EMS industry is dominated by the Mobile phones, Consumer electronics, and Automotive segments, which account for ~80% of the market. However, segments like wearables and hearables, Telecom & IT Hardware are likely to witness higher and faster growth over the next few years.

Indian Electronics Market (in $ Bn)



Source: Company, Keynote Capitals Ltd.

The electronics manufacturing market is broadly divided into two manufacturing types

1. ODM – Original Design Manufacturers
2. OEM – Original Equipment Manufacturers

OEM		ODM
Requires limited investment in R&D or proprietary technology Asset-light, low-capex model	**Investment and R&D**	Demands significant in-house R&D capabilities and higher capital investment Full lifecycle ownership
Yields thinner margins due to the focus on customer specifications Scalable operational flexibility	**Profitability and IP Control**	Delivers superior margins and greater control over product Intellectual Property Proprietary design authority
Prioritizes cost efficiency, reduced overheads, and faster go-to-market timelines Execution-focused manufacturing	**Market Strategy**	Focuses on the entire product lifecycle from design through final assembly Innovation-driven development

While India has demonstrated technical capability in design-led manufacturing, high-value ODM work remains concentrated in hubs such as China, South Korea, and Thailand. India's strength currently lies in system-level assembly. However, a gradual transition is underway, with several Indian EMS players investing in design and development capabilities to evolve from OEMs into ODMs. This shift enhances their value proposition and supports margin improvement over time.

Bifurcating EMS companies by volume and value

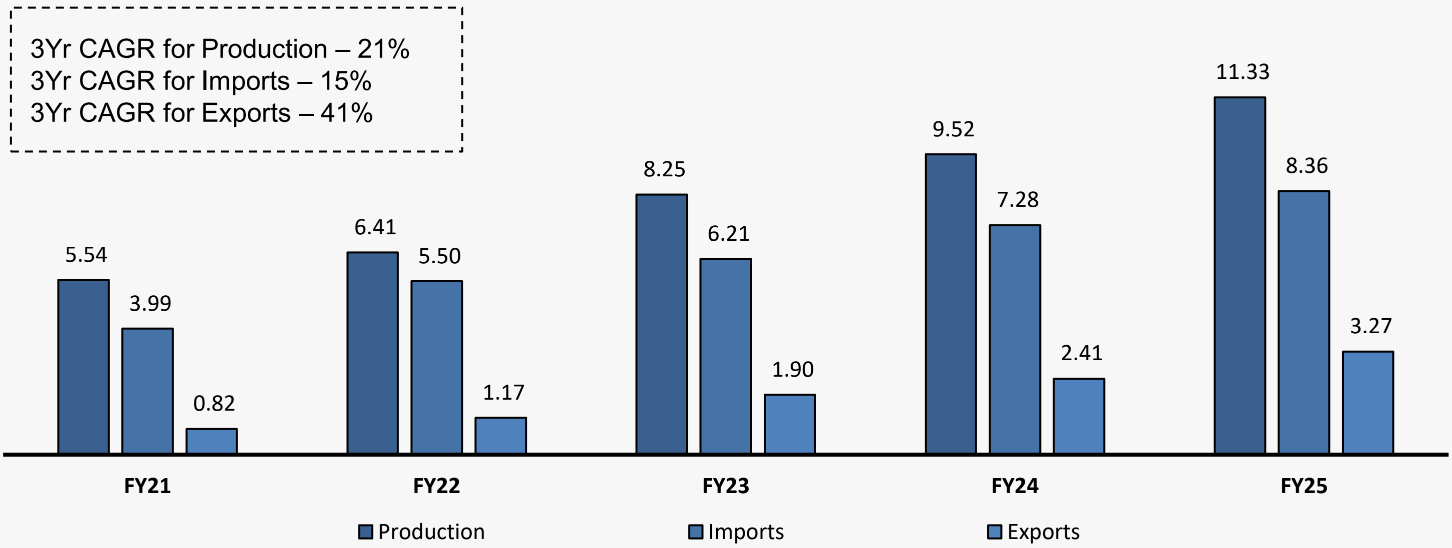
Basis of Differentiation	High Volume Low Mix (HVLM)	Low Volume High Mix (LVHM)
Mentality of Manufacturers	Consists of manufacturers that focus on producing products in high quantity with lower margins.	Consists of manufacturers that focus on producing complex products in lower volumes with higher margins.
Sectors catered	Deals in less complicated space such as mobiles, computers, electronic devices, wearables, hearables etc.	Deals in more complicated industry such as medical, industrial, defense, aerospace etc.
Products	Standardized products are made with involvement of less R&D.	Customized and complex products are made with involvement of higher R&D.
Replacement	Brands can switch vendors relatively easily	They are not easily replaceable by brands/clients.
Examples	Dixon Technologies (India) Ltd., Karbonn Group, Foxconn Technology Group, etc.	Kaynes Technology India Ltd., Avalon Technologies Ltd., etc.

Source: Company, Keynote Capitals Ltd.

Electronic goods – production and exports outpace imports

India's electronics goods sector has witnessed a sharp transformation over FY21-25, with domestic production and exports growing at a much faster pace than imports, reflecting the country's gradual shift from being an import-dependent market to becoming a manufacturing and export hub.

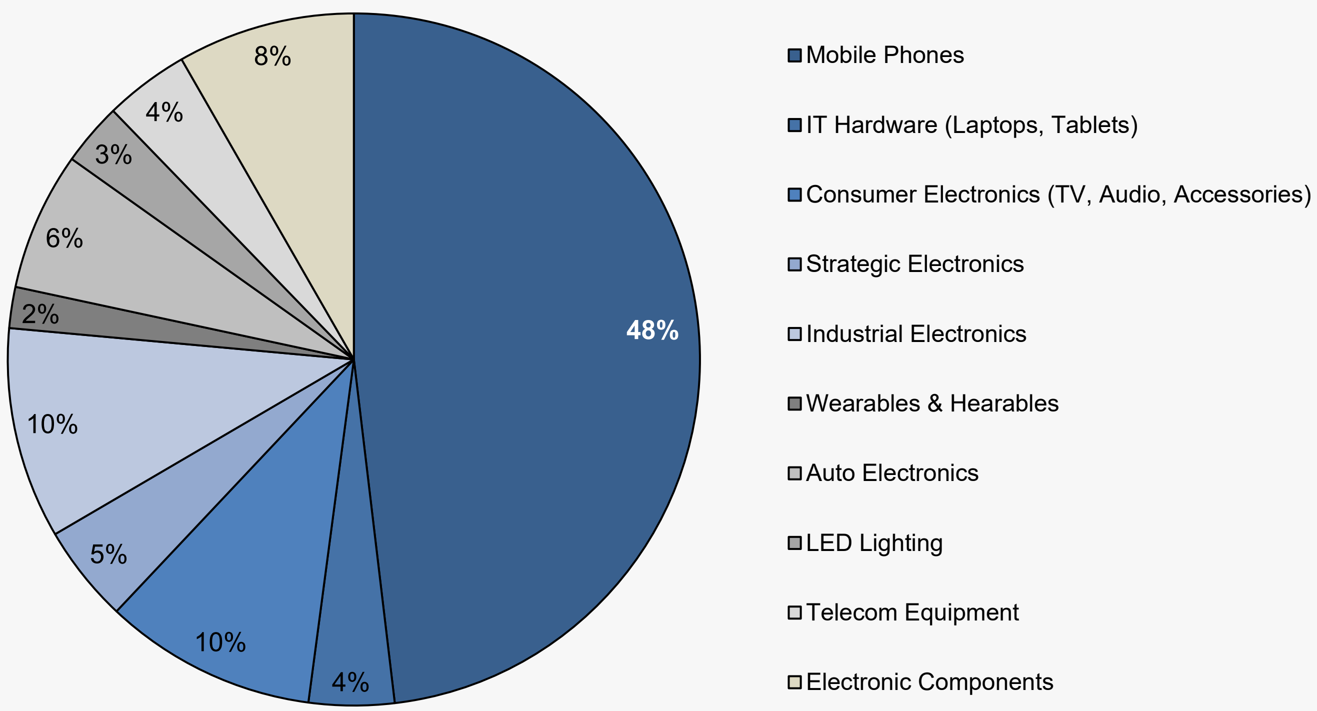
Production, export and imports of electronic goods (Rs Tn)



Source: MeiTY, Keynote Capitals Ltd.

This shift can largely be attributed to a series of proactive government measures aimed at boosting the electronics hardware ecosystem. The establishment of Special Economic Zones (SEZs) has enabled hassle-free manufacturing and trading for export-oriented units by offering tax incentives, PLI schemes. Additionally, Electronic Hardware Technology Park (EHTP) units have emerged as major contributors to the country's electronics exports, benefiting from duty-free imports of capital goods and raw materials meant for export production. Taken together, these trends indicate that India is steadily moving up the electronics value chain from being primarily an assembly and import-driven market to becoming a credible manufacturing and export destination, supported by strong policy tailwinds and improving domestic capabilities.

Production profile of the Indian electronics industry – FY25



Total Electronics Manufacturing Production (FY25) – Rs 11.32 Tn

Source: MeiTY, Keynote Capitals Ltd.

Mobile phones

Mobile phones account for the largest share of India's electronics industry by production value. Riding on strong manufacturing momentum, India has emerged as the world's second-largest producer of mobile handsets by volume, with over 300 facilities currently engaged in manufacturing cellular phones and related components across the country. In FY25, mobile phone production stood at Rs 5.45 Tn, as per MeitY, while exports touched ~Rs 2.05 Tn during the same year. This growth has been driven largely by the Phased Manufacturing Programme (PMP), to encourage domestic value addition in mobile phone manufacturing. Backed by the PMP and other supportive government initiatives, India has seen a steady rise in investments within this sector, resulting in the creation of substantial manufacturing capacities.

Over time, mobile phone manufacturing in the country has progressed from the Semi Knocked Down (SKD) stage to the more value-additive Completely Knocked Down (CKD) stage, deepening local value creation. As a result, nearly the entire domestic demand for mobile handsets is now being met through indigenous manufacturing. This clearly reflects the success of these policy measures.

Broad-based growth expected across electronics product categories

Industry or product category	CAGR (FY20-25)	CAGR (FY25-30E)	Key growth drivers
Mobile phones	13.9%	18.3%	• Rising disposable income • Internet penetration and technological advancements • Government initiatives • Convenient financing • Adoption of “China+1” strategy
LED TVs	14.7%	19.2%	• Rising income and standard of living • Premiumization and upgradation from old models • OTT expansion and internet penetration
Laptops	15.2%	19.6%	• Rising income and urbanisation • Public sector digitisation • Affordability and portability
Refrigerators	15.6%	20.1%	• Rural or low market penetration • Rising incomes and lifestyle shifts • Upgrades to smarter models
Air Conditioners	16.3%	20.7%	• Increase in average temperature • Convenient and better financing options
Washing Machines	16.6%	21.0%	• Changing lifestyle and demographics • Rising income and urbanisation • Premiumization and technological upgrades
Home appliances	17.6%	21.8%	• Technological upgrades and smart connected devices • Rise of e-commerce and Q-commerce
Set-top boxes	17.8%	22.0%	• OTT expansion and internet penetration • Domestic manufacturing push
Telecom products	NA	NA	• Increasing need for routers, modems and FWA devices • 5G roll-out and hardware upgrades
Wearables and hearables	NA	NA	• Rising disposable income and urbanization • Affordability and expanding use cases • Rise of e-commerce and Q-commerce

Source: UKB Electricals RHP, MeiTY, Company, Keynote Capitals Ltd.

About Dixon Technologies (India) Ltd.

Dixon Technologies (India) Ltd. (DTIL), founded in 1993, is India's largest homegrown EMS Company and a key participant in the country's "Make in India" initiative. Though largely invisible at the consumer level, DTIL manufactures a broad range of products across LED TVs, smartphones, washing machines, smartwatches, routers, and laptops for several marquee domestic and global brands. The Company operates across 3 key business verticals: consumer electronics, home appliances, and mobile phones & EMS services. From its origins as a television assembler, DTIL has evolved into a diversified EMS leader, operating 24 manufacturing plants and 6 R&D centers across India, supported by a workforce of over 31,000 employees. DTIL's stated long-term objective is to rank among the top 10 global EMS players within the next 4-5 years, an ambition underpinned by strong backward integration, strategic partnerships, and approvals under the PLI schemes.

Evolution from a single product manufacturer to a diversified EMS player.

Establishing the core – consumer electronics

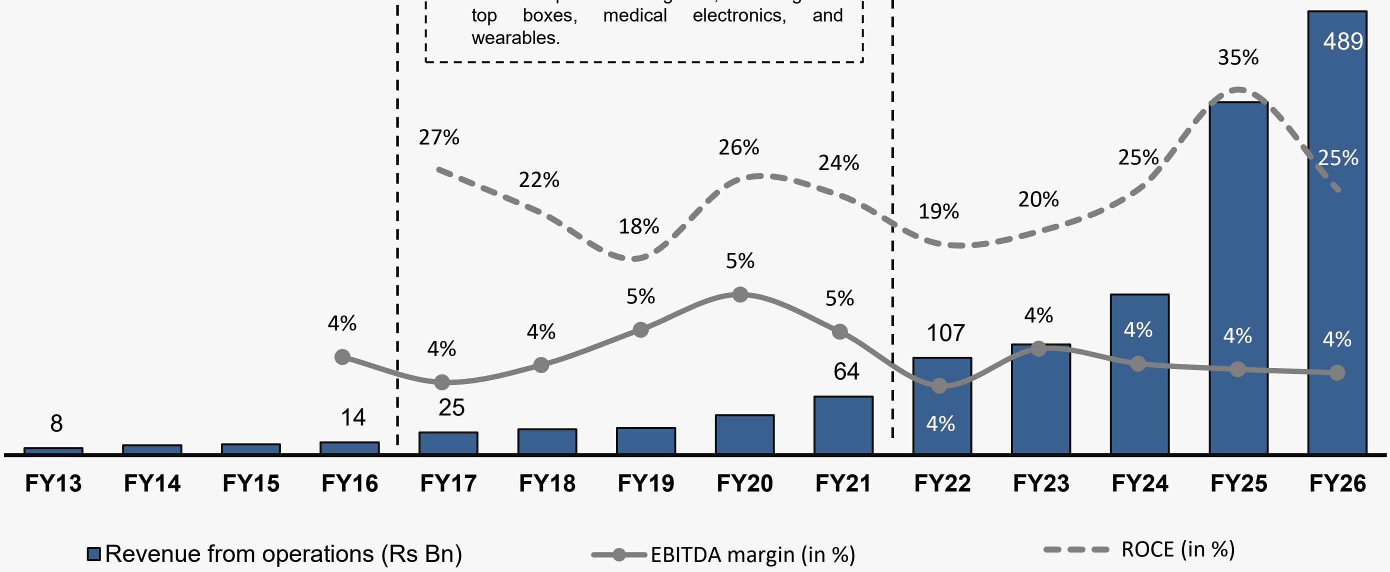
- In 1993, the Company was incorporated and commenced manufacturing color televisions.
- In 2007-08, DTIL started manufacturing LCD TVs and entered lighting products vertical.
- In 2010, DTIL entered the home appliances segment by manufacturing semi-automatic washing machines.
- 2015-16, started manufacturing of mobile phones in India through a JV.

IPO & rapid portfolio expansion

- Launched IPO, got listed on NSE/BSE in 2017.
- 2017-18, entered the security surveillance systems segment (CCTVs and DVRs).
- 2018, commenced production of the Liquid Crystal Module (LCM) line at its Tirupati facility, building India's largest facility for LED TV panel manufacturing.
- 2020-21, became the first domestic Company to receive approval under the Government of India's Production Linked Incentive (PLI) scheme for manufacturing mobile phones.
- 2021, broadened EMS portfolio by venturing into new product categories, including set-top boxes, medical electronics, and wearables.

Mobile-led hyper growth and backward integration

- 2022, ventured into telecom products
- 2023, became the first contract manufacturer in India to secure sub-licensing rights for Android and Google TV.
- 2024, commenced commercial production of refrigerators.
- 2025, acquired 51% stake in Q-Tech India to manufacture camera and fingerprint modules for smartphones, IoT, and automotive applications.
- 2025-26, advanced backward integration by manufacturing display modules for smartphones, IT hardware, and automotive applications.

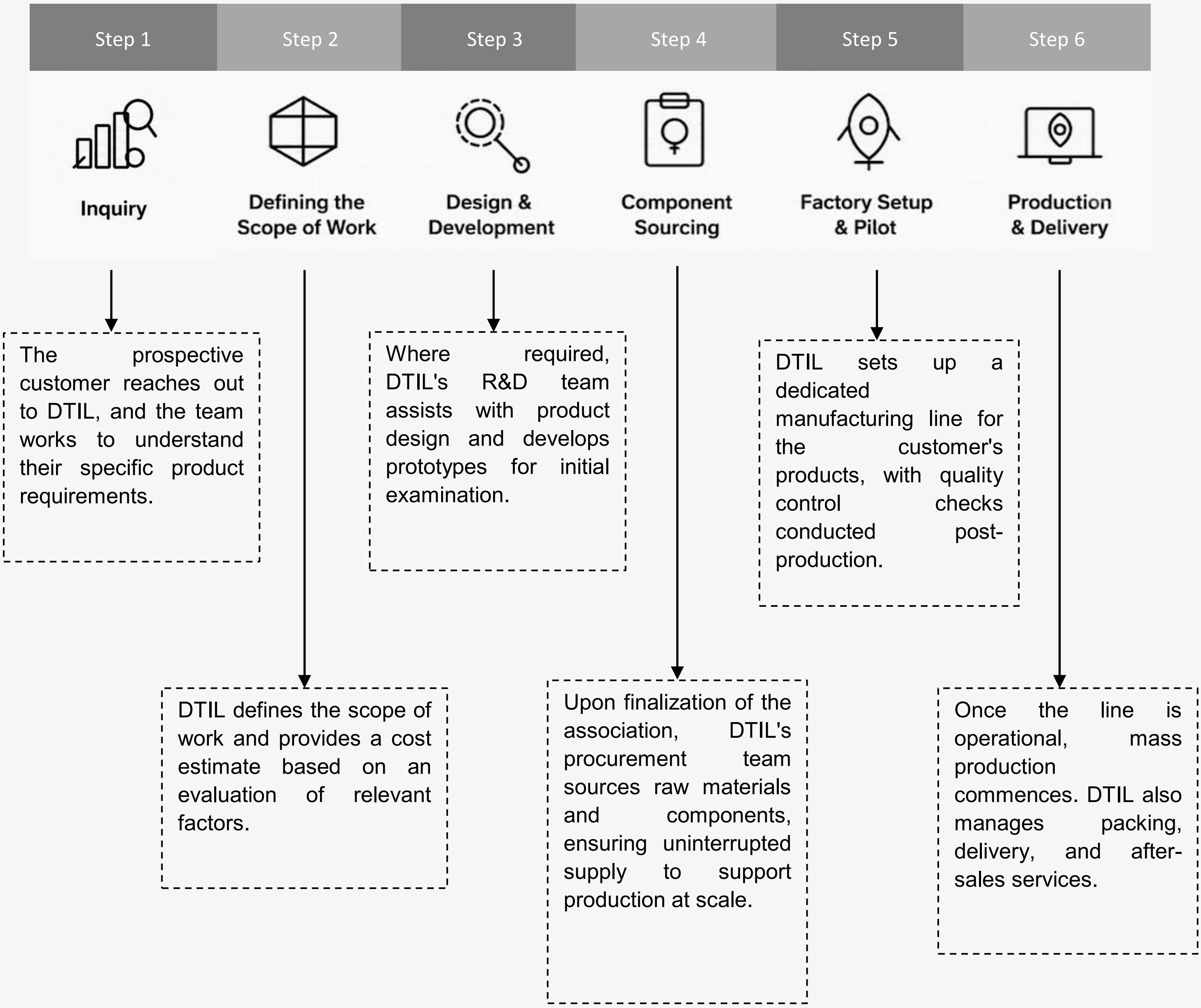


Source: Company, Keynote Capitals Ltd.

Business Model

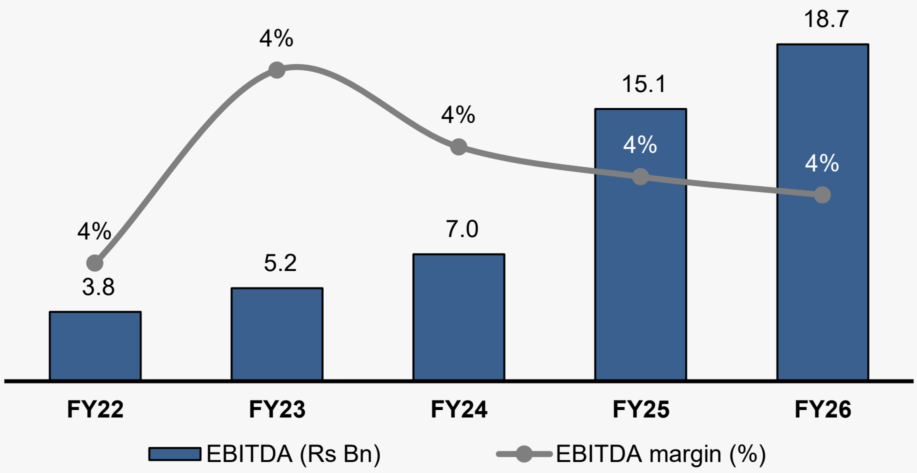
At its core, DTIL functions as the manufacturing backbone for consumer brands, producing electronic goods on their behalf. The exhibit below illustrates the typical onboarding journey of a brand partnering with DTIL.

CUSTOMER ENGAGEMENT PROCESS



Source: Company, Keynote Capitals Ltd.

EBITDA profile (%)



Source: Company, Keynote Capitals Ltd.

DTIL's mode of operation

DTIL follows a clear and repeatable playbook each time it enters a new product category. The first priority is to always scale it, the Company focuses on ramping up production volumes as quickly as possible. This is not merely a growth objective; scale serves a strategic purpose. As volumes rise, fixed costs are spread over a larger base, improving unit economics and generating stronger cash flows.

These cash flows are then redeployed into backward integration, the process of manufacturing key components in-house rather than sourcing them from external suppliers, typically from imports. This integration is executed either through internal capacity building or via targeted joint ventures with global technology partners who bring domain expertise that DTIL may not possess independently.

The benefits of this approach are two-fold. First, localising component manufacturing reduces input costs, making DTIL's offering more price-competitive. Second, and perhaps more importantly, it strengthens client relationships. When DTIL manufactures not just the finished product but also the critical components that goes into it, clients become more dependent on DTIL as a supply chain partner, making the relationship stickier and more difficult to replace. This is reflected in the Company's track record, as DTIL has not lost a single client to date.

Over time, DTIL has built local manufacturing ecosystems across multiple verticals in partnership with leading global companies. These efforts have been meaningfully supported by government-led incentive programmes, including the PLI scheme and other initiatives, which have provided the financial impetus to accelerate localisation and reduce India's dependence on imported electronics components.

Corporate structure

DTIL maintains a widespread manufacturing presence through a network of 14 subsidiaries and 3 joint ventures. The Company is also in the process of establishing a JV with Vivo for the manufacture of mobile phones. The exhibit below provides a complete list of DTIL's subsidiaries, existing JVs, and forthcoming JV entities.

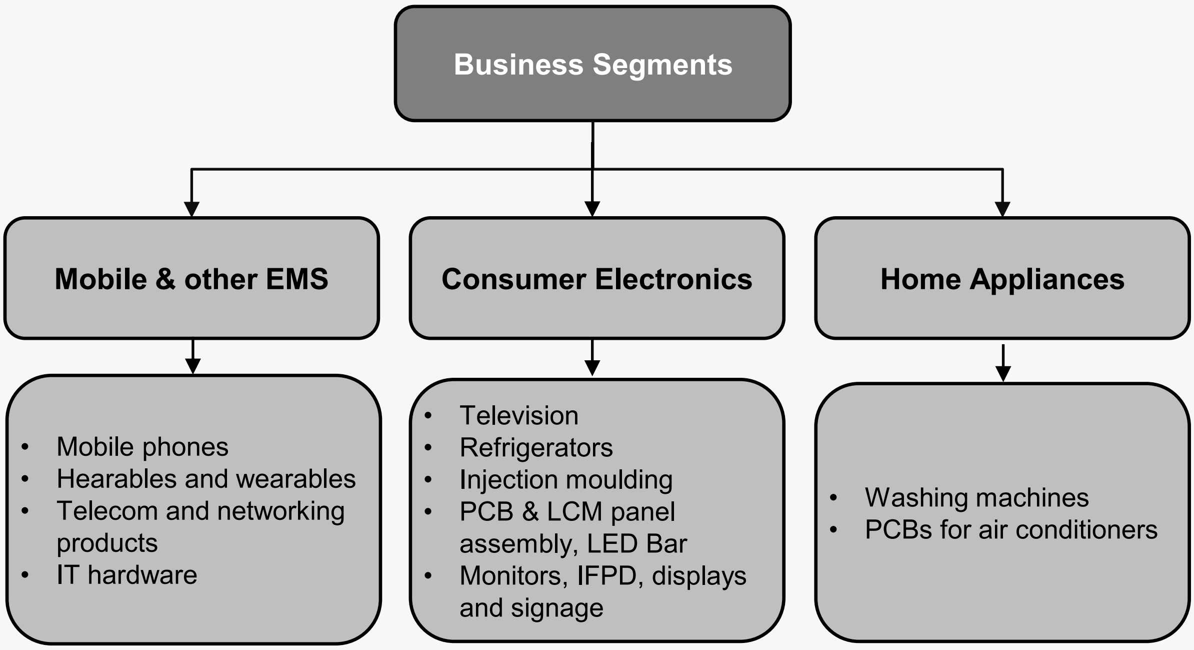
Entity name	DTIL's Stake	Partner entity (If any)	Operational scope
Subsidiaries			
Padget Electronic Private Ltd.	100%	-	Manufactures mobile phones (feature & smart), PCBA for mobiles, and laptops for Lenovo and Acer.
Dixon Technologies Solutions Private Limited (upto 31 july 2025)	100%	-	Manufactures consumer durables & electronic appliances.
Dixon Electro Manufacturing Private Ltd.	100%	-	Manufactures consumer durable devices, specifically refrigerators.
Dixon Global Private Limited	100%	-	Trading arm for import/export of electronics, acts as agency for Indian & foreign brands.
Dixon Electroconnect Private Ltd.	100%	-	Incorporated in Sept 2024; operational scope not yet disclosed.
Dixon IT Devices Private Limited	60%	Inventec Corporation of Taiwan	Incorporated in Sept 2024; focused on manufacturing laptops and notebooks.
Dixon Teletech Private Ltd.	100%	-	Incorporated in sept 2024; operational scope not yet disclosed.
Dixtel Infocom Private Limited	74%	Longcheer Intelligence Pte. Ltd.	Manufactures and supply of smart phone/tablets, true wireless stereo, smart watch, AI PC, automotive electronics, healthcare devices etc.
Dixon Display Technologies Private Ltd.	74%	HKC Corporation Ltd.	Formerly Dixon Infotech; likely focused on display products
Dixon Electro Appliances Private Limited	51%	Beetel Teletech Ltd. (Bharti Group)	Manufactures telecom/networking products, GPON ONTs & set-top boxes. This business primarily caters to Bharti Airtel. DTIL also has a JV with Airtel for R&D.
Califonix Tech and Manufacturing Private Ltd.	50%	Imagine Marketing (boAt)	Manufactures bluetooth audio devices like TWS earbuds for boat.
Ismartu India Pvt. Ltd.	~50%	Transsion Holding	Acquired in Aug 2024; Manufactures mobile phones for Itel, Tecno, Infinix and Accessories for Oraimo
Dixon Electrocorp Private Ltd.	100%	-	NA
Kunshan Q Tech Microelectronics (India) Private Ltd.	51%	Q Technology (Singapore) Pvt. Ltd.	Manufacturing of camera and fingerprint modules for smartphones, IoT devices & automotive applications

Source: Company, Keynote Capitals Ltd.

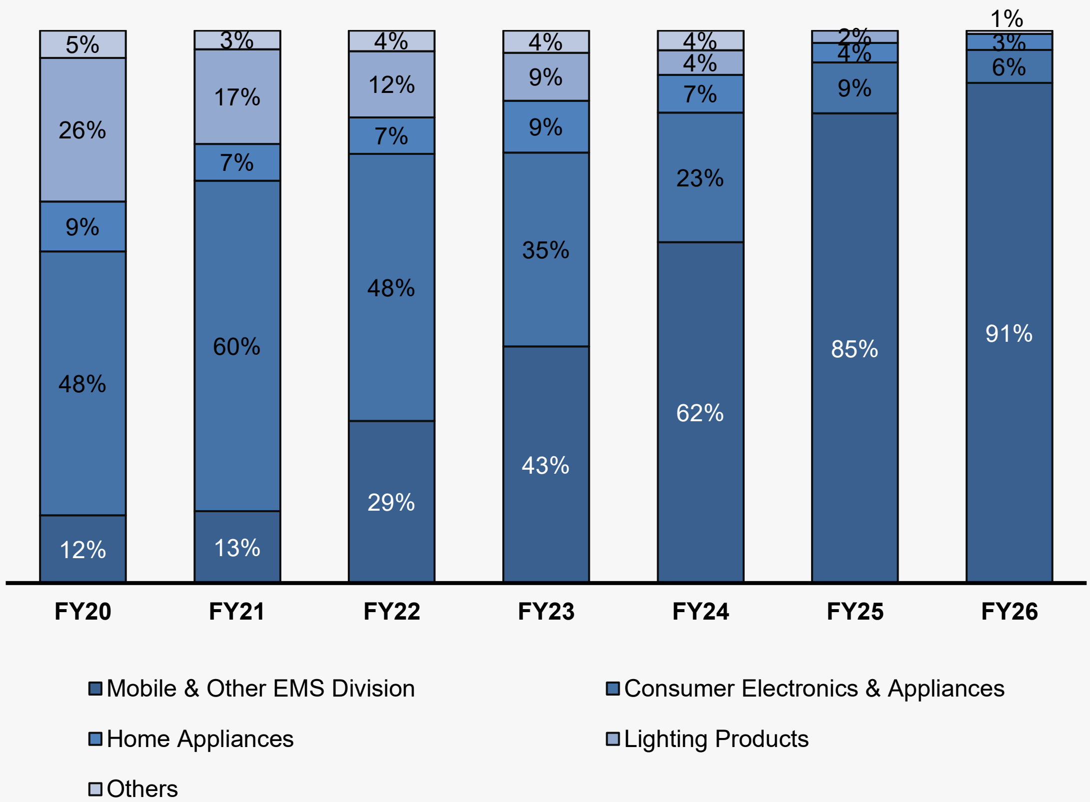
Entity Name	DTIL's Stake	Partner Entity (If Any)	Operational Scope
		Joint Ventures	
Rexxam Dixon Electronics Pvt. Ltd.	40%	Rexxam Co. Ltd.	Manufacture PCBs for air conditioners.
Lightanium Technologies Pvt. Ltd. (incorporated on 26 June 2025)	50%	Signify Innovations India Ltd. (Phillips)	OEM business of premium indoor lighting, professional lighting products, and accessories for both domestic and export markets. (This was a separate segment)
Dixon Technologies Solutions Pvt. Ltd.	50%	-	Operates as WOS of lightanium JV from August 2025.
		Upcoming Joint Ventures	
Yet to be decided (entered binding sheet on 15-07-2025)	74%	Chongqing Yuhai Precision Manufacturing Co. Ltd.	Manufacturing and supply of precision components for laptop, mobile phones, IoT, and automotive devices
Approval of press note 3 (PN3) awaited, likely to be formed in FY27	51%	Vivo India	Manufacturing electronic devices, primarily smartphones in India.
Dixon Electroconnect Private Limited (entered into a binding term sheet on 09-06-2026)	60%	Gemtek Technology Co. Ltd.	Manufacturing and supply of Optical Transceiver - SFP (Small Form-factor Pluggable) and BOSA (Bidirectional Optical Subassembly) or other telecom products.

Source: Company, Keynote Capitals Ltd.

Business segments



Segmental revenue mix over the years

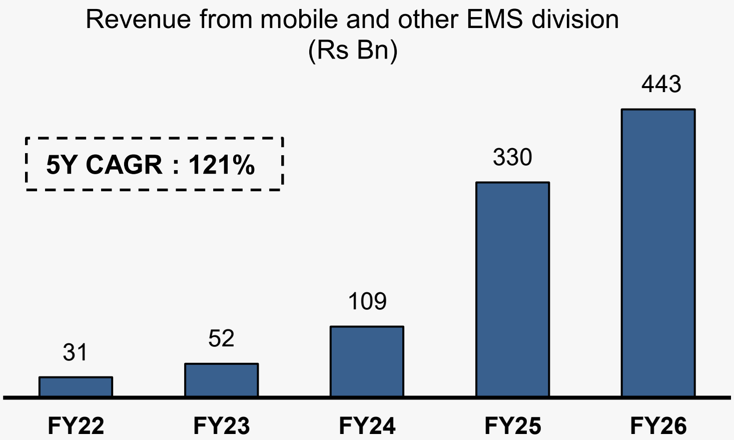


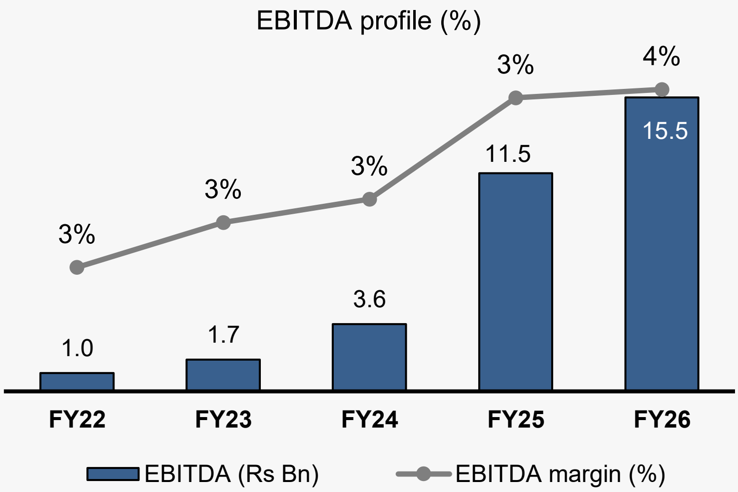
Source: Company, Keynote Capitals Ltd.

In the last 6 years, Mobile phone manufacturing has replaced consumer electronics to be the largest category.

In Q2 FY26, DTIL transferred its entire lighting business into a 50:50 joint venture with Signify Innovations India Limited, named Lightanium Technologies Pvt. Ltd. (Phillips). This restructuring was driven by intense commoditization in the consumer lighting market, with the JV pivoting towards higher-margin premium and professional lighting products.

Mobile & Other EMS Division





Source: Company, Keynote Capitals Ltd.

DTIL entered mobile phone manufacturing in 2016, initially assembling feature phones for Indian brands under the Semi-Knocked Down (SKD) model, wherein components arrive partially assembled and the local manufacturer performs only final assembly, entailing limited value addition. In 2018, the Company acquired Padget Electronics Private Limited, enabling a transition to the Completely Knocked Down (CKD) model, which involves sourcing all components individually and assembling the complete product, requiring more advanced manufacturing capabilities and generating significantly higher domestic value addition. This upgrade in manufacturing depth accelerated DTIL's scale-up under the Phased Manufacturing Programme (PMP), subsequently succeeded by the Production Linked Incentive (PLI) scheme, and facilitated the onboarding of major Android smartphone brands. Today, DTIL is India's largest EMS player in the mobile and smartphone category.

Key clients include Motorola, Samsung, Xiaomi, Nokia, Reliance (Jio), Transsion, and Nothing.

Scale and segment significance

DTIL operates one of India's largest mobile phone manufacturing setups, with an installed annual capacity of 60 Mn smartphones and 40 Mn feature phones. The Company closed FY26 with volumes of ~32 Mn mobile units, up ~5 Mn units from FY25. The mobile and EMS vertical is DTIL's largest and most significant business segment, contributing ~Rs 443 Bn in FY26, representing ~91% of total consolidated revenues and over 83% of total operating profit. The Company currently serves nearly all major brands within the Android ecosystem.

For FY27, management expects mobile volumes, excluding the proposed Vivo JV, to remain broadly similar to FY26 levels, as industry volumes face near-term pressure from higher memory prices and rising Average Selling Prices (ASPs).

Role of the PLI Scheme

The PLI scheme played a pivotal role in shaping DTIL's mobile business. In FY20, the Company applied for PLI benefits through its subsidiary, Padget Electronics, under which it was eligible to receive incentives of 4 to 6% on incremental sales over the FY20 base year.

These incentives served a dual purpose, they made outsourcing commercially more viable for brands such as Motorola and Xiaomi, accelerating scale-up in the mobile vertical, and provided DTIL with a margin buffer to invest in backward integration. While a majority of the PLI benefit was passed through to clients, DTIL retained ~0.5-0.7% for its own account.

DTIL availed PLI benefits under the global category, leveraging its relationships with Motorola and Xiaomi. These benefits expired as of March 2026. The consequent reduction in incentive income will exert some pressure on reported margins. However, DTIL's manufacturing scale provides meaningful operating leverage and strong cash flow generation, which the Company intends to redeploy into further backward integration and capacity expansion. Management remains confident that margin gains from deeper integration will broadly offset and surpass the impact of PLI expiry, though this remains qualitative guidance at this stage.

Adjacent verticals within mobile and EMS

Beyond mobile phones, DTIL's Mobile and EMS segment encompasses a growing portfolio of adjacent product categories, including telecom and networking products, wearables, hearables, and IT hardware. These verticals have been built through targeted joint ventures and are increasingly contributing to the segment's overall scale.

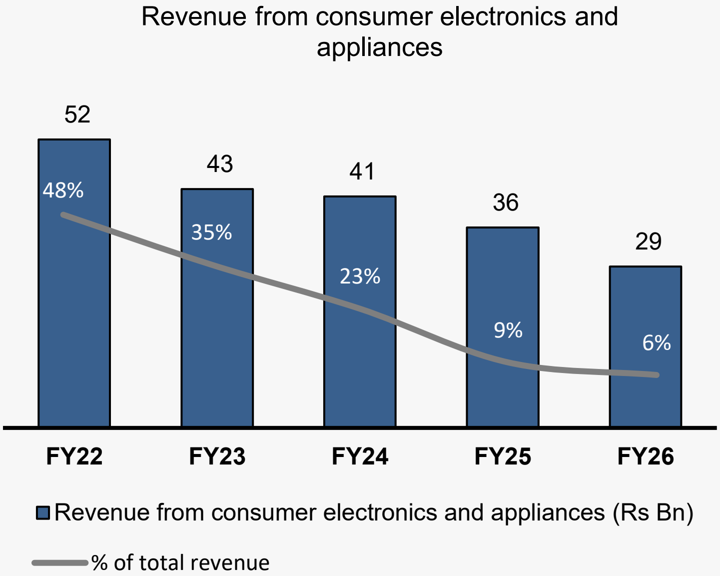
<u>Chargers and Adapters</u> – DTIL manufactures chargers and adapters entirely in-house, covering the complete unit across its mobile manufacturing operations.

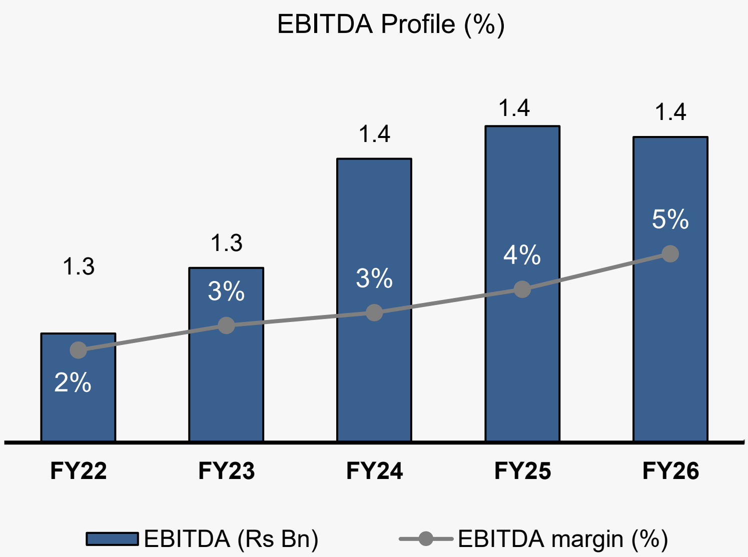
<u>Telecom and Networking</u> – The Company entered the telecom segment in FY22 and meaningfully scaled operations in FY24 through Dixon Electro Appliances Private Limited (DEAPL), a 51:49 joint venture between DTIL and Beetel Teletech Limited, a Bharti Airtel Group company. DEAPL manufactures a range of telecom and networking products, including Gigabit Passive Optical Network (GPON) devices, Optical Network Terminals (ONTs), internet set-top boxes, modems, routers, IoT devices, 5G Fixed Wireless Access (FWA) equipment, and indoor and outdoor access points. The primary client is Bharti Airtel, alongside other industry players. The segment had also been benefiting from the PLI scheme on incremental sales, which concluded in FY26. DTIL has elevated its telecom operations from a pure EMS model to a Joint Design and Manufacturing (JDM) model, enabling greater backward integration and localisation of a higher share of the Bill of Materials (BoM). This transition is expected to support double-digit growth in the telecom vertical over the medium term.

<u>Wearables and Hearables</u> – DTIL broadened its EMS portfolio to include wearables and hearables in FY21, with manufacturing commencing in FY22 through Califonix Tech and Manufacturing Pvt. Ltd., a 50:50 joint venture with boAt. The JV manufactures True Wireless Stereo (TWS) earphones, neckbands, and smartwatches. The division is characterised by a lean operating model and robust return on capital employed. Going forward, DTIL intends to scale this vertical through portfolio expansion into adjacent accessories, including dash cams and power banks, which will improve capacity utilisation and operating leverage across the JV's manufacturing footprint.

Laptops and Tablets – DTIL entered the IT hardware segment in FY22, establishing a dedicated manufacturing facility in Chennai. The division operates through 2 entities, Padget Electronics Private Limited and IsmartU India Private Limited, and manufactures laptops, tablets, and other IT devices for both consumer and institutional use. The current client base includes Acer, Lenovo, Asus, and HP. DTIL has secured an order for Lenovo desktops, with manufacturing slated to commence in Q2 FY27. The division benefits from the IT Hardware PLI 1.0 scheme, which provides incentives of 4 to 6% on incremental revenues over the base year through FY26. Additionally, Padget Electronics has received official approval under the IT Hardware PLI 2.0 scheme under the Hybrid category, which provides incentives over a 6-year period from FY25 to FY30.

Consumer electronics and appliances division (TV and Refrigerator)





Source: Company, Keynote Capitals Ltd.

DTIL's consumer electronics division is the Company's oldest and most established business vertical. Founded on colour TV manufacturing in 1994, the segment expanded into LCD TVs in 2007, with a primary focus on the low-to-mid price range. Over the past few years, its contribution to consolidated revenues has declined sharply, from ~48% in FY22 to ~6% in FY26. This contraction reflects 2 structural forces, the rapid scaling of DTIL's mobile and EMS verticals, and subdued television demand over the past 5 years. Despite a reduced revenue share, DTIL remains a key manufacturing partner for several global TV brands, producing a broad range of products including LED TVs, smart TVs, computer monitors, Interactive Flat Panel Displays (IFPDs), commercial screens, and digital signage solutions.

IFPDs are large-format touchscreen displays with Android and Wi-Fi support, primarily deployed in smart classrooms and corporate environments.

The Company further expanded its consumer electronics portfolio in FY24 by entering refrigerator manufacturing, marking a meaningful step toward higher-margin product categories.

Key clients include Xiaomi, Samsung, Hisense, VU, Panasonic, Lloyd, Toshiba, and Acer.

Licensing advantages

DTIL is currently India's largest homegrown ODM LED TV manufacturer and holds a comprehensive portfolio of operating system licenses that reinforce its competitive positioning. The Company holds sub-licensing rights for both the Android and Google TV platforms, granted by Google to a select group of manufacturers globally, enabling DTIL to produce smart TVs running the official Android OS and Google TV interface. DTIL was also the first Indian Company to receive a Tizen license from Samsung. Beyond these, the Company's OS portfolio encompasses Amazon Fire TV, LG's webOS, and Linux-based solutions. This breadth of platform capabilities expands DTIL's addressable product portfolio and strengthens its value proposition to global OEM and ODM partners.

Segment performance and key headwinds

DTIL's consumer electronics segment, predominantly comprising LED TVs, recorded a revenue decline of ~19% on a YoY basis in FY26. This underperformance reflects a confluence of structural and competitive factors.

Muted industry demand – The global LED TV market is experiencing a period of stagnation. According to Omdia, the global TV market contracted by ~0.7% on a YoY basis. Budget and mid-tier LED TVs have been the most adversely affected, driven by a shift in consumer preferences toward smaller personal screens such as smartphones and tablets, as well as toward premium technologies including OLED and QLED.

Premiumisation trend in India – Domestic consumer demand is increasingly gravitating toward premium television technologies such as OLED and QLED, at the expense of conventional LED TVs. This shift is prompting brands to rationalise their SKU portfolios. Notably, OLED and QLED technologies remain patent-protected and are currently not available for manufacture by EMS players such as DTIL, which limits the Company's ability to participate in the premium segment in the near term.

Competitive pricing pressure – DTIL continues to face intensifying pricing pressure from competitors in the low-to-mid range LED TV segment, resulting in an unfavourable product mix and margin compression at the entry level.

Margin resilience despite revenue pressure

Despite top-line pressure in the LED TV business, DTIL has successfully defended its profitability through a deliberate shift in product mix toward higher-margin categories, particularly refrigerators and commercial displays. Segment margins have been supported by the ramp-up and stabilisation of the refrigerator vertical, alongside the Company's ongoing focus on backward integration, including a fully operational in-house tool room for mould development. Going forward, DTIL aims to further improve its cost structure and support margin expansion by localising critical components.

Television and commercial displays

DTIL is differentiating itself in the television segment through manufacturing quality, platform capabilities, and technology upgrades. To address the growing demand for premium products, the Company has commenced production of high-end Mini LED TVs, with plans to transition these to an ODM model by Q2 FY27. Additionally, DTIL is introducing soundbar TVs to capture demand in the fast-growing premium audio-visual segment.

In the B2B space, DTIL is expanding into commercial displays by setting up robotic panel assembly lines for IFPDs and digital signage solutions ranging from 65 to 100 inches. Digital signage products target high-footfall locations such as malls, airports, and showrooms, and serve continuous advertising applications. Both IFPDs and digital signage command higher average selling prices and are comparatively less price-sensitive than mainstream consumer electronics, making them attractive additions to DTIL's product portfolio.

Refrigerators

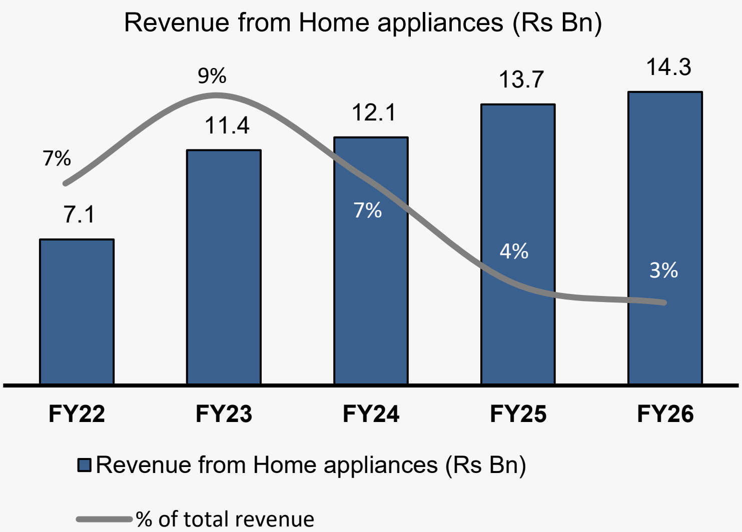
DTIL entered refrigerator manufacturing in FY24, and in its first full year of operations, the Company captured ~8% of the overall refrigerator market and ~48% of the OEM-addressable market within the direct cool category, a strong initial performance for a new entrant. The broader Indian refrigerator market spans capacities from 40L to 600L, with ~74% of volumes concentrated in the 142 to 300L range, as per a CEAMA industry report.

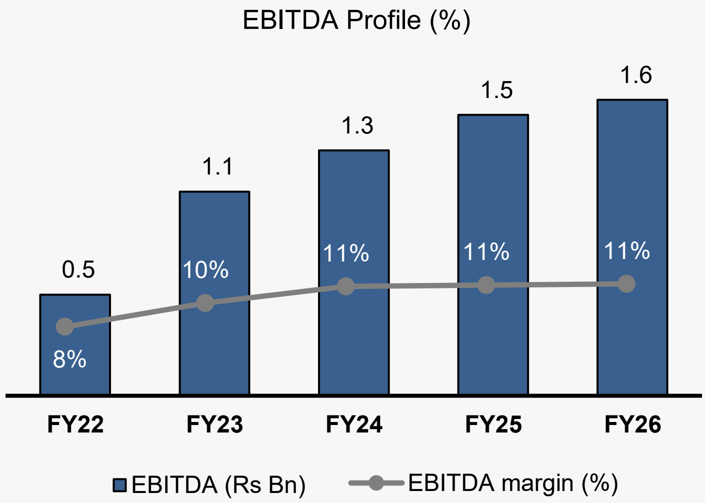
Following this initial success, DTIL expanded its installed capacity from 1.2 Mn units to 1.7 Mn units, and a new facility is currently under construction to take total refrigerator capacity to 3 Mn units annually.

During Q4 FY26, the refrigerator industry faced near-term headwinds from a transition to revised Bureau of Energy Efficiency (BEE) norms and upgraded energy efficiency standards for compressors. The resulting industry-wide price increase during the peak summer demand season prompted brands to prioritise liquidation of older BEE-rated inventory over fresh procurement. Despite this, DTIL maintained healthy order flow and improved order visibility for its direct cool and mini-bar categories, demonstrating the relative resilience of its product positioning.

To support future growth and move up the value chain, DTIL is expanding its current facility by an additional 375,000 sq ft. This expansion will enable the manufacture of a broader, higher-margin appliance portfolio, including 2-door refrigerators, deep freezers, visi coolers, and side-by-side refrigerators, positioning the Company to capture a larger share of the addressable refrigerator market as capacity scales.

Home appliances division





Source: Company, Keynote Capitals Ltd.

DTIL's home appliances segment comprises two key verticals -

1. Washing Machines (Fully Automatic (FATL) & Semi Automatic Washing Machine (SAWM)).

2. PCBs for air conditioners.

DTIL's home appliances segment has consistently delivered strong margins and stable growth, making it one of the Company's highest margin businesses. The Company entered the segment in 2010 with washing machine assembly and has since scaled to become India's largest manufacturer of semi-automatic washing machines.

The segment operates entirely under the ODM model, enabling DTIL to focus on product innovation and value-added offerings. This is complemented by ongoing backward integration initiatives that support cost optimisation. Together, the ODM model and backward integration underpin a superior margin profile, with segment EBITDA margins of 9-11%, meaningfully above typical EMS industry benchmarks.

Key clients include Samsung, BSH, Godrej, Volt-Beko, Panasonic, Reliance, and Croma.

Washing machines

DTIL manufactures both Semi-Automatic Washing Machines (SAWM) and Fully Automatic Top Load (FATL) machines, offering over 175 SAWM models and over 20 FATL models, reflecting the breadth and depth of its manufacturing capabilities in this category.

SAWM – DTIL holds a dominant position in the domestic SAWM market, with a ~35% market share and an installed annual capacity of 2.5 Mn units. The Company's integrated capabilities in this category span injection moulding, R&D and design, an NABL-accredited laboratory, a tool room, and dedicated assembly lines. DTIL has recently commenced manufacturing of 16 kg and 18 kg SAWM models, a first in the Indian industry, further extending its leadership in this category.

FATL – DTIL has meaningfully scaled its FATL operations, with an installed annual capacity of 0.6 Mn units and a ~15% share of India's FATL market. Integrated capabilities in this category include injection moulding, a press shop, and assembly lines.

Inverter PCBs for air conditioners

DTIL manufactures inverter PCBs for air conditioners through Rexxam Dixon Electronics Private Limited, a 40:60 joint venture with Rexxam Co. Ltd., a Japanese multinational with established expertise in designing and manufacturing controller boards. Inverter PCBs are among the most critical components in air conditioner manufacturing, serving as the primary control unit that regulates compressor speed and overall system efficiency. This joint venture strengthens DTIL's backward integration capabilities and positions the Company as a component-level supplier within the broader home appliances ecosystem.

An Inverter PCB is the main control board in an inverter AC that controls the compressor speed based on the room's cooling requirement. It helps the AC save electricity, reduce noise, maintain stable cooling, and improve compressor life.

Robotic vacuum cleaners

DTIL has partnered with Eureka Forbes, a leading Indian consumer appliances brand, to assemble and supply robotic vacuum cleaners. Production commenced in Q3 FY26, and the Company has maintained healthy order momentum in this product category since launch.

DTIL's home appliances segment is well-positioned for meaningful scale-up, supported by product innovation, capacity additions, and portfolio expansion. The Company has also developed fully automatic front-load washing machines, with mass production targeted to commence by Q2 FY27 at an annual capacity of 0.3 Mn units. This addition will take DTIL's total fully automatic washing machine capacity to 0.9 Mn units per annum. Beyond washing machines, DTIL is actively exploring entry into complementary product categories, including microwaves, kitchen chimneys, water purifiers, dishwashers, and other large kitchen appliances. These initiatives are expected to broaden the home appliances portfolio and support further margin improvement over the medium term.

Lighting products

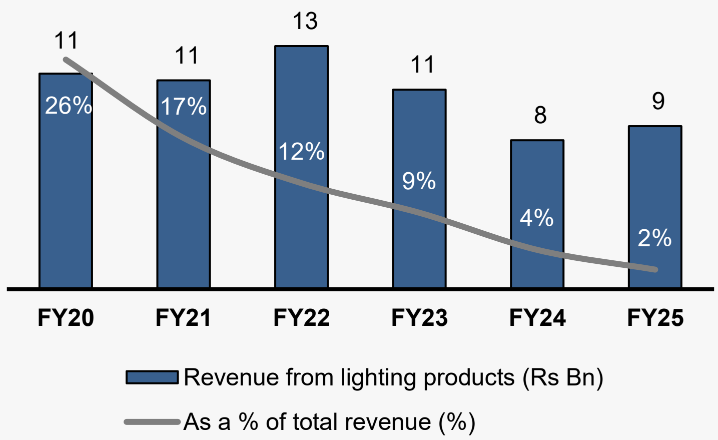
DTIL entered the lighting segment in 2008, initially manufacturing Compact Fluorescent Lamps (CFLs). As the market transitioned toward energy-efficient solutions, the Company pivoted to LED lighting, aligning with evolving consumer demand and regulatory trends. This early repositioning established DTIL as a scalable and relevant player in India's rapidly expanding LED lighting space.

The segment operates predominantly under the ODM model, offering over 2,000 product variants across 2 broad categories. The household lighting portfolio includes LED lights, lamps, battens, downlighters, and strip and rope lighting, while the professional-grade portfolio encompasses streetlights, floodlights, and industrial fixtures. With an annual manufacturing capacity of over 260 Mn units, DTIL is India's largest ODM player in the lighting segment. The Company serves a diversified and marquee client base, including RR Kabel, Signify, Wipro, Bajaj, Orient, Polycab, Luminous, and Crompton.

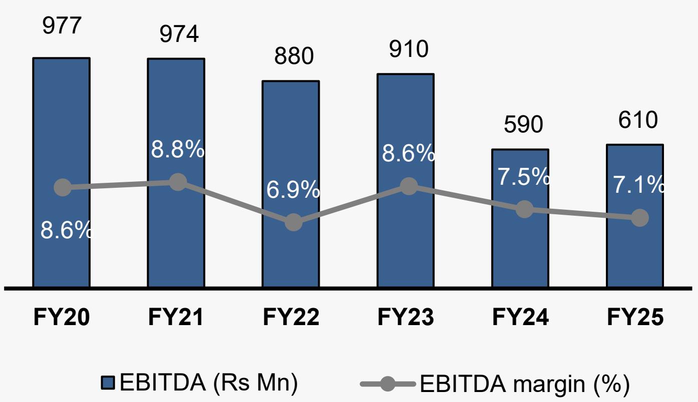
<u>Segment headwinds and strategic restructuring</u>

Despite its scale, the lighting segment faced sustained margin pressure in recent years, driven by sharp price erosion in mainstream LED products, intensifying competition, and persistent downward pricing pressure from large clients seeking to maintain retail competitiveness. These structural headwinds resulted in a meaningful decline in both segment revenue and operating profitability, necessitating a strategic response.

Revenue from lighting products



EBITDA profile (%)



Source: Company, Keynote Capitals Ltd.

To address these challenges, DTIL restructured its lighting business by forming a 50:50 joint venture with Signify Innovations India Limited, named Lightanium Technologies Private Limited. The JV, which operates as an OEM manufacturer of lighting products and accessories, became effective August 1, 2025.

JV performance and outlook

The Lightanium JV delivered revenue of ~Rs 8-8.5 Bn in FY26. Management has projected a revenue target of ~Rs 16-17 Bn for FY27, implying nearly 2x growth on a YoY basis. This growth is expected to be driven by operational synergies between Signify's technology leadership and DTIL's manufacturing scale, resulting in enhanced productivity, operational efficiency, and cost competitiveness. The JV is strategically oriented toward higher-margin premium decorative and professional lighting categories, while also exploring export opportunities. Ongoing backward integration initiatives within the JV are expected to further support cost efficiency and margin recovery over the medium term.

Management Analysis

Key Managerial Personnel

Name	Designation	Experience (with DTIL/overall)	Description
Mr . Sunil Vachani	Executive Chairman	30+/30+	He holds a degree of Associate of Applied Arts in business administration from the American College in London. He is also the Promoter of the Company and has been associated with the Company since inception. He is responsible for the Company's growth and business development.
Mr. Atul B. Lall	Vice Chairman & Managing Director	30+/30+	He holds a Master's Degree in Management Studies from the BITS, Pilani. He has been leading DTIL since foundation and built it to its current leadership position in the EMS Industry. He is responsible for Dixon's overall strategy and business operations.
Mr. Saurabh Gupta	CFO	8+/20+	He is Chartered Accountant, Company Secretary, MBA from MDI Gurgaon & also completed Advanced management program form Harvard Business school. Before joining DTIL, he served as Vice President-Finance at PVR Ltd. for 8+ years. His key areas of fund raising (equity/debt), Risk & Treasury Management, Digital Transformation, M&A, Strategic Planning, Process Optimization.
Mr. Ashish Kumar	Chief Legal Counsel & Group Company secretary	9+/21+	He leads the Legal, Secretarial, Compliance and CSR functions of the Company. He has completed the executive program in Business Management from IIM Calcutta, is a fellow of the Institute of Company Secretaries of India (ICSI), and holds L.L.B. and L.L.M. degrees. Prior to joining the Company, he was associated with various organizations including DLF Universal Ltd., Damas International Ltd., Tecom Investments FZ LLC, and Narayana Hrudayalaya Ltd.
Mr. Pankaj Sharma	President and COO, Mobile phones	16+/40+	He oversees the mobile phones and wearables & hearables divisions of the Company. His responsibilities include managing the operations of these verticals and the work of executives in production, marketing, finance, and quality. His expertise lies in factory operations, manufacturing, supply chain, global sourcing, and business development. Prior to joining the Company, he worked with Bigesto Foods Pvt. Ltd., Satkar Exports, Bestavision Electronics Ltd., Samsung Co. Ltd., Jain Tube Company Ltd., and Shirllon Co. Ltd.
Mr. Abhijit Kotnis	President and COO, Consumer electronics	8+/36+	His expertise includes strategic planning and execution, business development, supply chain management, and business transformation. He holds an MBA in Marketing and Operations and a B.E. in Electronics and Telecommunications from Marathwada University, Aurangabad, along with a Post Graduate Programme in Management (MEP) from IIM Ahmedabad. Prior to joining DTIL, he spent nearly three decades with Videocon Group in various roles, most recently serving as CMO/CTO.
Mr. Rajeev Lonial	President and COO, Home appliances	10+/30+	He is responsible for the washing machine vertical, backward integration, and overall manufacturing efficiency, including quality, service, and cost optimisation within the home appliances division. He holds a Post Graduate Diploma in Plastic Processing Technology from the Central Institute of Plastic Engineering & Tools. He has previously worked with Dipty Lal Judge Mal Pvt. Ltd., Noble Moulds Pvt. Ltd., Evershine Moulding Pvt. Ltd., Ever Shine Plastic Industries, Essen Fabrication & Engineering Co. Pvt. Ltd., and Shree Krishna Keshav Lab Ltd.
Mr. Sukhvinder Kumar	CEO, Telecommunications	4+/33+	He holds an engineering degree in electronics and has also attained an advanced management program certificate from IIM Bangalore. Before joining DTIL, he has worked with Tejas Networks Ltd., Elcoteq Electronics India Pvt. Ltd., LG Electronics India Pvt. Ltd.
Mr. Josh Foulger	President - IT Hardware	5 months/42+	He holds a Master's degree in Industrial Engineering from the University of Texas, Arlington, and has a strong track record of scaling high-growth manufacturing businesses. His experience includes nearly a decade as MD of Bharat FIH, part of Foxconn Technology Group, along with long-term leadership roles at Nokia, where he played a key role in building electronics manufacturing ecosystems. At DTIL, he will spearhead the IT Hardware and Devices vertical.

Source: Company, Keynote Capitals Ltd.

Compensation and skin in the game

Particulars	FY22	FY23	FY24	FY25	FY26
% Promoter Holding	34	34	33	32	29
Management Salary** (Rs Mn)	151	216	225	223	NA
As a % of PAT	8%	8%	6%*	2%*	NA

Source: Company, Keynote Capitals Ltd.

***The amount does not include the shares issued to key managerial personnel under ESOP scheme.*

**The decline in management salary as a % of PAT in FY24/FY25 was primarily due to exceptional gains inflating reported PAT.*

Top shareholders >1% (Public Shareholders)

Particulars	FY22	FY23	FY24	FY25	FY26
Axis Elss Tax Saver Fund	-	-	1.13	1.32	-
Canara Robeco Emerging Mutual Fund	-	-	1.18	1.14	-
Canara Robeco Mid Cap Mutual Fund	-	-	-	-	1.16
Hdfc Large And Mid Cap Fund	-	-	2.63	1.08	-
Hdfc Life Insurance Company Limited	-	-	-	1.01	1.15
Hdfc Mutual Fund - Hdfc Bse 500 Etf	-	-	-	-	1.81
Icici Prudential Life Insurance	1.56	3.29	1.73	-	-
Life Insurance Corporation Of India	4.57	5.72	2.73	1.17	-
Motilal Oswal Nifty 500 Etf	-	-	-	-	2.01
Nippon Life India Trustee Ltd A/C	-	-	-	-	3.36
Nps Trust Ac Uti Pension Fund Limited	-	-	-	-	2.34
Sbi Life Insurance Co. Ltd	-	-	-	-	2.04
Uti-Flexi Cap Fund	-	-	-	1.55	1.77

Source: Company, Keynote Capitals Ltd.

Peer analysis

For peer comparison, we have considered PG Electroplast Ltd., Opteimus Infracom Ltd., Bhagwati Products Ltd. and Bharat FIH Pvt. Ltd.

PG Electroplast Ltd. (PGEL), part of PG group, is one of the leading EMS player in consumer electronics and plastic moulding solutions. Unlike DTIL, PGEL has deeper backward integration in AC components and plastic moulding, but has no presence in mobile phones.

Optiemus Infracom Ltd., originally a mobile handset distributor turned EMS player (via subsidiary Optiemus Electronics), is now diversifying into hardware, telecom equipment, and cover glass..

Bhagwati products, a Micromax-promoted EMS company manufacturing mobile phones, LED TVs, batteries and chargers. It is emerging as a direct competitor to DTIL in smartphone contract manufacturing, though it remains smaller in scale and less diversified across categories.

Bharat FIH, an Indian subsidiary of Taiwan's Foxconn (FIH Mobile), historically India's largest smartphone EMS player, serves brands like Xiaomi. Unlike DTIL's broad-based, multi-category domestic EMS model, Bharat FIH is a pure-play, single large client dependent mobile manufacturer that has recently seen order losses and is now pivoting toward equipment servicing for Apple's supply chain rather than competing in the EMS space.

Metrics	DTIL	PG Electroplast	Optiemus Infracom	Bhagwati Products	Bharat FIH
Year of incorporation	**1993**	**2003**	**1993**	**2010**	**2015**
Financial metrics					
Reporting year	2026	2026	2026	2025	2024
Revenue (Rs Bn)	489	53	18	62	97
EBITDA margin(%)	3.80%	7.32%	5.52%	0.64%	5.20%
Net profit (Rs Bn)	14	0.2	0.7	0.3	-0.3
Net profit margin (%)	2.90%	0.40%	3.70%	0.50%	-0.30%
ROCE	25%	8%	9%	-3%	11%
CFO/EBITDA	0.96	0.36	-0.12	3.55	0.14
Operational metrics					
Products	Mobile phones, telecom products, IT hardware, Hearables & wearables, LED TVs, washing machine, refrigerators, and lighting products	ACs, washing machine (SATL, FATL), coolers, plastic moulding, televisions, PCB assemblies, tool manufacturing	Manufacturing goods - Telecom Products, IT Hardware, cover glass, Mobile Devices and Hearables-Wearable products Trading goods - Mobile phones	Mobile phones, LED TVs, tablets, wearables, IT hardware and automotive electronics	Mobile phones, hearables, IT hardware and telecom & networking products

Source: Company, Keynote Capitals Ltd.

Opportunities

Backward integration through JVs and acquisitions

Backward integration has always been a core part of DTIL's DNA. The Company's growth strategy is not limited to volume expansion; it is built on continuously strengthening its manufacturing capabilities and reducing dependence on imports. Over the years, DTIL has used backward integration to improve margins, maintain better control over product quality, and deepen its value chain. Continuing with the same approach, the Company is now expanding into camera and fingerprint modules, display module manufacturing, and precision IT hardware components to offer more integrated solutions to its clients.

<u>Camera and fingerprint modules – Q-Tech India</u>

In September 2025, DTIL acquired a 51% stake in Kunshan Q Tech Microelectronics (India) Pvt. Ltd. to manufacture camera and fingerprint modules. The subsidiary has been selected as a beneficiary under the Electronic Components Manufacturing Scheme (ECMS), providing a meaningful policy tailwind for its expansion plans. Supported by this scheme, DTIL is expanding Q-Tech's camera module capacity from 70 Mn units to 180-190 Mn units per annum. This expanded capacity will serve DTIL's captive smartphone manufacturing volumes while also supplying to other manufacturers, broadening the subsidiary's commercial reach.

<u>Display module manufacturing – HKC JV</u>

DTIL has established a display module manufacturing facility through a 74:26 joint venture with HKC Corporation Ltd., a leading Chinese manufacturer specialising in LCD and OLED display technologies. The facility will initially cater to mobile phones, IT hardware, and automotive display segments. Mobile display production capacity will commence at 24 Mn units per annum and is targeted to scale to ~50-55 Mn units per annum over the next 2 years. Laptop and automotive display capacity will stand at 2.4 Mn units per annum. As of Q4 FY26, construction of the dedicated display manufacturing facility is fully complete, and installation of machinery across the mobile, IT hardware, and automotive display lines is currently ongoing. Product trials are expected to commence at the beginning of Q3 FY27, with mass production slated to begin by Q4 FY27.

<u>Display fabrication (display fab)</u>

Unlike display module assembly, display fab involves manufacturing core display panels in-house, making it a far more technically complex capability. DTIL is currently evaluating entry into this space, and successful execution could significantly strengthen its position in the electronics value chain.

<u>Critical components – Inventec JV</u>

To further scale its IT hardware business, DTIL has formed a 60:40 joint venture with Inventec Corporation, a leading Taiwanese ODM for IT products. The JV will focus on manufacturing notebooks, PCs, and servers, as well as critical components including SSDs, memory modules, and power supplies. The facility, located adjacent to DTIL's existing Chennai unit, is progressing on schedule, with SSD manufacturing expected to commence in Q2 FY27 and full mass production slated to begin in Q3 FY27.

Proposed Vivo JV to strengthen mobile manufacturing scale and revenue

DTIL is in the advanced stages of securing FDI approval under Press Note 3 (PN3) for its proposed 51:49 joint venture with Vivo, wherein DTIL will hold the majority 51% stake. Vivo is India's largest mobile phone manufacturer by volume, and management indicated in Q4 FY26 that discussions with the government are progressing, with the approval process nearing completion. Upon formalisation, the proposed partnership is expected to emerge as a meaningful growth driver for the mobile manufacturing business. The joint venture is estimated to contribute nearly 67% of Vivo's handset volumes, translating into ~20-22 Mn units annually, thereby materially enhancing DTIL's manufacturing scale and revenue visibility from FY27, subject to the timing of PN3 approval.

Additionally, DTIL has formed a joint venture with Longcheer Intelligence Pte. Ltd., a Shanghai-based ODM player, with DTIL holding a 74% majority stake. The structure provides a compliant route for Chinese technology and capital to enter India, while DTIL contributes manufacturing scale, regulatory understanding, and existing brand relationships. The JV will manufacture products such as smartphones, tablets, TWS devices, smartwatches, AI-enabled PCs, automotive electronics, and healthcare devices. Mass production is expected to begin by Q3 FY27, with annual capacity of around 18 Mn units of mobile phones.

Further, the Company is initiating feature phone exports to Africa through its subsidiary Ismartu from mid-Q2 FY27, while also expecting healthy volume growth from its existing US customer base. These initiatives, coupled with a potential rollout of the PLI 2 scheme, could provide additional support to volume growth and segment expansion over the medium term.

Strategic pivot towards high-margin specialty EMS

DTIL is undertaking a strategic shift towards high-margin, low-volume specialty EMS, with the objective of diversifying revenue streams, reducing dependence on consumer-led cyclicality, and improving the overall margin profile. To drive this transformation, the Company has onboarded a senior executive at the President and CEO level to lead the specialty EMS business.

Within automotive electronics, DTIL is leveraging its component manufacturing capabilities to foray into automotive displays and camera modules for two-wheelers and four-wheelers, supported by technology synergies from the acquisition of Q-Tech India and the joint venture with HKC. Trial production for automotive display manufacturing is expected to commence in Q3 FY27, with commercial production targeted for Q4 FY27.

In other specialty EMS segments, the Company is evaluating entry into aerospace, defence, medical, and industrial electronics, with the aim of further diversifying its business mix. Management has identified five micro-verticals and is also exploring inorganic growth opportunities, each with potential to scale to ~Rs 30-40 Bn in revenue with structurally higher operating margins over the medium term.

Telecom and networking + IT hardware

DTIL is undertaking a strategic transition in its telecom and networking business by moving beyond a pure EMS model towards a Joint Design and Manufacturing (JDM) partnership with a key customer. This solution-oriented approach is expected to strengthen value addition and support deeper backward integration through higher localisation of the product Bill of Materials (BoM).

The Company has also expanded its product portfolio by commencing manufacturing of complex telecom and backhaul microwave radios for a new international customer, marking its entry into higher-technology telecom equipment. To support rising order execution and expanding customer engagement, DTIL has commissioned a new manufacturing facility and enhanced warehousing capacity. Backed by these initiatives and capacity additions, management has guided for telecom and networking revenue of ~Rs 75-80 Bn in FY27, compared to ~Rs 50 Bn in FY26.

DTIL has provided similar growth guidance for its IT hardware segment. The segment recorded revenue of ~Rs. 1.2–1.5 Bn in FY26 and is expected to grow nearly 3x in FY27, targeting revenue of ~Rs. 3.5–4.0 Bn. This growth is expected to be driven by an expanding client base and product portfolio, backward integration, and supportive government policies.

Threats

High Revenue Concentration and Base Effect

DTIL’s growth over the past five years has been driven predominantly by its Mobile and EMS segment. In FY26, the mobile phone division contributed ~Rs. 443 Bn out of DTIL’s total revenue of ~Rs. 489 Bn, accounting for nearly 91% of the Company’s overall revenue. While this concentration has enabled significant scale and operating leverage, it also creates a structural challenge. DTIL’s revenue base has now grown to a size where replicating historical growth rates becomes increasingly difficult without meaningful contribution from new verticals or a substantial ramp-up in exports. This scale concentration also limits the impact of other segments on the company’s overall financials. Even if these segments deliver strong revenue growth and operate at higher margins, their relatively small base may not materially move the needle at the consolidated level in the near term. Unless new growth drivers scale up meaningfully, DTIL’s growth trajectory may gradually moderate, as its core mobile business has already reached a very large base.

Client concentration and supplier diversification risk

DTIL's client relationships have been a cornerstone of its growth. However, concentration risk remains a concern. As per our estimates, Motorola, DTIL's largest client, accounts for ~20-30% of total mobile manufacturing volumes. Recently, Motorola outsourced a portion of its incremental domestic volumes to Karbonn Mobiles, a domestic competitor that continues to benefit from extended incentives under the Domestic PLI scheme. While Motorola exiting DTIL entirely remains an unlikely scenario, this development raises questions about the potential for further volume migration and brings management's assertions of deeply entrenched client relationships under closer scrutiny.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Bn	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**389**	**489**	**545**	**780**	**897**
Growth %		26%	11%	43%	15%
Raw Material Expenses	358	453	504	717	825
Employee Expenses	6	7	8	12	13
Other Expenses	10	10	14	19	22
EBITDA	**15**	**19**	**19**	**31**	**36**
Growth %		24%	2%	64%	15%
Margin%	4%	4%	4%	4%	4%
Depreciation	3	4	5	6	7
EBIT	**12**	**15**	**14**	**25**	**28**
Growth %		20%	-4%	78%	13%
Margin%	3%	3%	3%	3%	3%
Interest Paid	2	1	1	1	1
Other Income & exceptional	5	7	1	1	1
PBT	**16**	**20**	**13**	**25**	**28**
Tax	3	4	3	6	7
PAT	**12**	**16**	**10**	**18**	**21**
Profit from associates	0	0	0	0	0
Minority interest	1	2	3	3	4
Net Profit	**11**	**14**	**8**	**16**	**17**
Growth %		31%	-46%	99%	12%
Shares (Mn)	60.2	60.8	60.8	60.8	60.8
EPS	**181.9**	**236.6**	**128.4**	**255.5**	**285.0**

Balance Sheet

Y/E Mar, Rs. Bn	FY25	FY26	FY27E	FY28E	FY29E
Cash, Cash equivalents & Bank	3	9	16	28	39
Current Investments	0	3	3	3	3
Debtors	70	65	82	117	135
Inventory	40	38	55	79	91
Short Term Loans & Advances	0	0	0	0	0
Other Current Assets	19	19	19	19	19
Total Current Assets	131	135	175	246	287
Net Block & CWIP	30	47	53	63	74
Long Term Investments	5	7	7	7	7
Other Non-current Assets	1	2	2	2	2
Total Assets	**168**	**192**	**238**	**318**	**369**
Creditors	109	107	141	200	226
Provision	0	0	0	0	0
Short Term Borrowings	1	1	1	1	1
Other Current Liabilities	16	19	19	19	19
Total Current Liabilities	126	127	160	220	246
Long Term Debt	1	4	4	4	4
Deferred Tax Liabilities	1	1	1	1	1
Other Long Term Liabilities	5	6	6	6	6
Total Non Current Liabilities	7	11	11	11	11
Paid-up Capital	0	0	0	0	0
Reserves & Surplus	30	47	57	75	96
Shareholders' Equity	30	47	57	75	96
Non Controlling Interest	5	7	10	13	17
Total Equity & Liabilities	**168**	**192**	**238**	**318**	**369**

Source: Company, Keynote Capitals Ltd. estimates

Cash Flow

Y/E Mar, Rs. Bn	FY25	FY26	FY27E	FY28E	FY29E
Pre-tax profit	16	20	13	25	28
Adjustments	1	-1	8	10	12
Change in Working Capital	-2	2	0	1	-3
Total Tax Paid	-3	-4	-3	-6	-7
Cash flow from operating Activities	**11**	**18**	**18**	**29**	**30**
Net Capital Expenditure	-9	-11	-11	-16	-18
Change in investments	-3	2	0	0	0
Other investing activities	0	-4	1	1	1
Cash flow from investing activities	**-12**	**-13**	**-10**	**-15**	**-17**
Equity raised / (repaid)	1	2	0	0	0
Debt raised / (repaid)	0	-2	0	0	0
Dividend (incl. tax)	0	-1	0	-1	-1
Other financing activities	0	0	0	0	0
Cash flow from financing activities	**1**	**0**	**0**	**-1**	**-1**
Net Change in cash	0	5	8	14	12

Valuation Ratios

Y/E Mar, Rs. Bn	FY25	FY26	FY27E	FY28E	FY29E
Per Share Data					
EPS	181.9	236.6	128.4	255.5	285.0
Growth %		30%	-46%	99%	12%
Book Value Per Share	500	769	1,094	1,446	1,853
Return Ratios					
Return on Assets (%)	10%	9%	5%	7%	6%
Return on Equity (%)	47%	37%	17%	24%	21%
Return on Capital Employed (%)	35%	25%	20%	29%	25%
Turnover Ratios					
Asset Turnover (x)	3.3	2.7	2.5	2.8	2.6
Sales / Gross Block (x)	12.9	11.0	9.2	10.8	10.1
Working Capital / Sales (%)	1%	2%	2%	3%	4%
Receivable Days	44	50	49	47	51
Inventory Days	29	32	34	34	38
Payable Days	72	87	87	84	93
Working Capital Days	1	-5	-4	-3	-4
Liquidity Ratios					
Current Ratio (x)	1.0	1.1	1.1	1.1	1.2
Interest Coverage Ratio (x)	8.1	15.9	12.3	21.6	24.4
Total Debt to Equity	0.1	0.1	0.1	0.1	0.0
Net Debt to Equity	0.0	-0.1	-0.2	-0.3	-0.3
Valuation					
PE (x)	72.5	40.9	92.8	46.7	41.8
Earnings Yield (%)	1%	2%	1%	2%	2%
Price to Sales (x)	2.0	1.2	13.4	9.3	8.1
Price to Book (x)	26.4	12.6	10.9	8.2	6.4
EV/EBITDA (x)	33.3	63.8	37.6	23.0	20.0
EV/Sales (x)	2.0	1.2	1.3	0.9	0.8

Valuations

Particulars	FY26	FY27E	FY28E
Segment revenue (Rs Bn)			
Mobile and other EMS segment	442.6	498.8	730.0
Growth (%)		*13%*	*46%*
Consumer electronics	28.9	30.4	32.5
Growth (%)		*5%*	*7%*
Home appliances	14.3	15.7	17.3
Growth (%)		*10%*	*10%*
Total Revenue	**488.7**	**544.8**	**779.7**
EBITDA margin (in %)	4%	4%	4%
Net Profit margin (in %)	3%	2%	2%
EPS (Rs.)	237	128	256
P/E (x)			65x
Target Price (Rs.)			**16,608**
CMP (Rs.)			13,160
% Upside/(Downside)			**26%**

Source: Company, Keynote Capitals Ltd. estimates

DTIL's historical growth has largely been driven by strong volume scale-up in mobile phones division. However, the mobile segment has recently witnessed subdued performance due to multiple near-term headwinds, including memory price-related concerns, softer demand following higher ASP, and the conclusion of the PLI scheme in FY26.

That said, the Vivo JV remains a key medium-term trigger and could potentially increase mobile phone volumes by 50-60%. Beyond mobiles, we expect the non-mobile portfolio, including telecom, IT hardware, camera modules, displays, and hearables and wearables, to grow at a healthy pace over FY27-29.

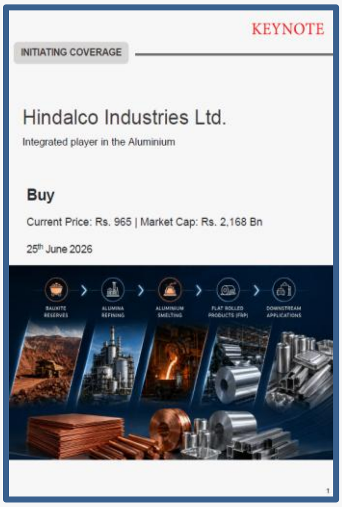
Additionally, the Company's increasing backward integration through JVs and acquisitions across key verticals such as display manufacturing for mobile, IT and automotive applications, camera and fingerprint modules, memory modules, SSDs, and other critical IT hardware components should support margin improvement over the medium to long term.

Considering these factors, we have cut our EPS estimates more sharply than revenue and EBITDA to factor in higher non-controlling interest arising from the Company's JV-led growth structure over FY27-29. We initiate coverage on DTIL with a BUY rating, valuing the business at 65x FY28E P/E, which implies an upside potential of 26%.

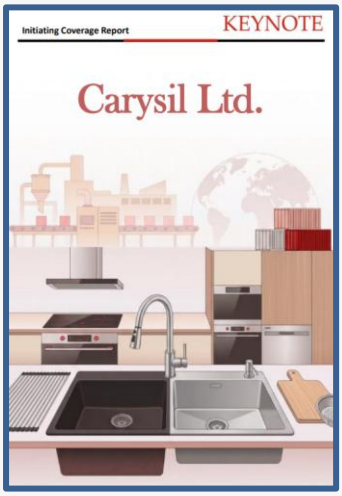
MANISH MARTAND CHORAGHE

Digitally signed by MANISH MARTAND CHORAGHE
Date: 2026.07.08 15:11:29 +05'30'

Our Recent Reports



Hindalco Industries Ltd.



Carysil Ltd.

Archean Chemical Industries Ltd.

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

Disclosures and Disclaimers

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

Keynote Capitals Ltd. (KCL) is a SEBI Registered Research Analyst having registration no. INH000007997. KCL, 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. Details of associate entities of Keynote Capitals Limited are available on the website at https://www.keynotecapitals.com/associate-entities/

KCL 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 KCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

KCL 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 KCL 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.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Details of pending Enquiry Proceedings of KCL are available on the website at https://www.keynotecapitals.com/pending-enquiry-proceedings/

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of KCL or its associates maintains arm's length distance with Research Team as all the activities are segregated from KCL 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 KCL & its group companies to registration or licensing requirements within such jurisdictions. 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.

Specific Disclosure of Interest statement for subjected Scrip in this document:	
Financial Interest of Research Entity [KCL] and its associates; Research Analyst and its Relatives	YES
Any other material conflict of interest at the time of publishing the research report by Research Entity [KCL] and its associates; Research Analyst and its Relatives	NO
Receipt of compensation by KCL or its Associate Companies from the subject Company covered for in the last twelve months; Managing/co-managing public offering of securities in the last twelve months; Receipt of compensation towards Investment banking/merchant banking/brokerage services in the last twelve months; Products or services other than those above in connection with research report in the last twelve months; Compensation or other benefits from the subject Company or third party in connection with the research report in the last twelve months.	NO
Whether covering analyst has served as an officer, director or employee of the subject Company covered	NO
Whether the KCL and its associates has been engaged in market making activity of the Subject Company	NO
Whether the Research Entity [KCL] and its associates; Research Analyst and its Relatives, have actual/beneficial ownership of 1% or more securities of 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.	NO

The associates of KCL may have:

-Financial interest in the subject Company
-Actual/beneficial ownership of 1% or more securities in the subject Company
-Received compensation/other benefits from the subject Company in the past 12 months
-Other potential conflicts 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 KCL 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.

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

Above disclosures includes beneficial holdings lying in demat account of KCL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of KCL for other purposes (i.e. holding client securities, collaterals, error trades etc.). KCL 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 KCL 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 KCL. The report is based on the facts, figures and information that are believed to be 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. KCL 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 product 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. KCL, its associates, their directors and the employees may from time to time, effect or have affected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. KCL, its associates, their directors and the employees may from time to time invest in any discretionary PMS/AIF Fund and those respective PMS/AIF Funds may affect or have effected any transaction in 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 KCL. 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 KCL 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 KCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold KCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold KCL 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.

Keynote Capitals Limited (CIN: U67120MH1995PLC088172)

Compliance Officer: Mr. Jairaj Nair; Tel: 022-68266000; email id: jairaj@keynoteindia.net

Registered Office: 9th Floor, The Ruby, Senapati Bapat Marg, Dadar West, Mumbai – 400028, Maharashtra. Tel: 022 – 68266000.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD): INZ000241530; DP: CDSL- IN-DP-238-2016; Research Analyst: INH000007997

For any complaints email at kcl@keynoteindia.net

General Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.keynotecapitals.com; Investment in securities market are subject to market risks, read all the related documents carefully before investing.