

## DIXON TECHNOLOGIES LTD

Issue Details	
Issue Opens	06-Sept-17
Issue Closes	08-Sept-17
Issue Size (Rs. Crore)	600
Face value (per equity share)	10
Price Band (Rs.)	1760-1766
Lot Size (No of Share)	8
No of Shares on Offer (crore)	0.305
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	18-Sept-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	46.20	39.20
Public (incl institutions and employees)	53.80	60.80
Total	100.0	100.0

## Objects of the Issue

1. Repayment/pre-payment, in full or in part, of certain borrowings availed by the Company.
2. Setting up a unit for manufacturing of LED TVs at the Tirupati Facility.
3. Enhancement of backward integration capabilities in the lighting products vertical at Dehradun I Facility.
4. Upgradation of the information technology infrastructure of the Company.
5. General corporate purposes.

Issue Date: 06<sup>th</sup> Sept – 08<sup>th</sup> Sept 2017

Price Band (Rs.) : 1760 - 1766

Lot Size (No. of Share) : 8

## Company Background

Incorporated in 1993, Dixon Technologies is engaged in manufacturing products in the consumer durables, lighting and mobile phones markets. Dixon manufacture products for popular retail brands including Panasonic, Philips, Haier, Gionee, Surya Roshni, Reliance Retail, Intex Technologies, Mitashi and Dish. Dixon is also a leading Original Design Manufacturer (ODM) in India. Company have six manufacturing facilities located in the states of Uttar Pradesh and Uttarakhand.

## Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Assets	5,079	3,277	2,831	2,677	2,594
Total Revenue	16,457	12,537	11,168	10,650	7,262
Profit After Tax	465	364	98	110	19

## Concerns

- Obsolescence arising from the changes in technology may affect on the demand of their products.
- Overall margins may fluctuate as a result of the product mix manufactured by them.
- Company as well as customers operate in a highly competitive industry.

## Strengths

- Leading market position in key verticals.
- Strong relationships with a diverse top-tier customer base.
- End to end solutions provider with dedicated research and development capabilities.
- Strong Financial Performance and stable cash flows.

## Our View

At the upper price band of Rs1766, the company's stock trades at 39x its FY17 EPS of Rs45. Even based on last 3 years standalone EPS of Rs37, P/E ratio works out to 47x. Means, company is asking higher price band of Rs1766 in the P/E ratio of 39x to 47x. There is no listed peer to compare similar business, hence the issue cannot be ascertained whether it is under priced or over priced.

Company standalone revenues grew at 23% CAGR and consolidated profits grew at 34% in last 5 years. Moreover, diversified business model, asset light business, superior return ratio, and strong client relationship augur well for Dixon in the long run. Considering these factors, high risk investors can invest in this IPO with a long-term perspective.