Dixon Technologies (India) Limited

5th August, 2026

To Secretary Listing Department BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	To Secretary Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Mumbai – 400 051
Scrip Code – 540699 **ISIN: INE935N01020**	**Scrip Code - DIXON** **ISIN: INE935N01020**

Dear Sir/Madam,

Sub: Transcript of the Q1 FY 27 Earnings Conference Call held on 31st July, 2026

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Para A of Part A of Schedule III thereto, please find enclosed herewith the transcript of the Q1 FY 27 Earnings Conference Call of the Company held on **Friday, 31st July, 2026.**

The said transcript has also been uploaded by the Company on its website and the same is available at https://dixoninfo.com/financial-performance under the head - **Earnings Call Transcripts (2026-27-Quarter Q1).**

We request you to kindly take this on your record and oblige.

Thanking You,

For DIXON TECHNOLOGIES (INDIA) LIMITED

Ashish Kumar
Digitally signed by Ashish Kumar
Date: 2026.08.05 18:08:08 +05'30'

Ashish Kumar
President- Chief Legal Counsel & Group Company Secretary

Encl: As above

"Dixon Technologies (India) Limited

Q1 FY '27 Earnings Conference Call"

July 31, 2026

MANAGEMENT:	**MR. ATUL LALL – MANAGING DIRECTOR AND VICE CHAIRMAN – DIXON TECHNOLOGIES (INDIA) LIMITED** **MR. SAURABH GUPTA – DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER – DIXON TECHNOLOGIES (INDIA) LIMITED**
MODERATOR:	**MR. TANAY SHAH – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Dixon Technologies Q1 FY '27 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tanay Shah. Thank you, and over to you, sir.

Tanay Shah: Yes. Thank you, Anushka. Good evening, everyone. Welcome to the Dixon Technologies Q1 FY '27 Earnings Call. Today, we have the management being represented by Mr. Atul Lall, Vice Chairman and Managing Director; and Mr. Saurabh Gupta, Director and Group CFO. At this point, I will hand over the floor to Mr. Lall for his initial remarks, post which we'll open up the floor for Q&A. Thank you, and over to you, sir.

Atul Lall: Thank you, Tanay. Good evening, everyone. This is Atul Lall, and joining me today is our Director and Group CFO, Saurabh Gupta.

Saurabh Gupta: Good evening, everybody.

Atul Lall: I would like to warmly welcome all our stakeholders to discuss our Q1 performance for '26-'27. Key highlights for the quarter are as below. Revenues for the quarter ended June 30, 2026, was INR15,557 crores. EBITDA, excluding fair value gain on the stake held by Dixon Aditya Infotech Limited for the quarter was INR472 crores. PAT after minority interest and excluding fair value gain on the stake held by Dixon in Aditya Infotech for the quarter is INR218 crores.

During the quarter 1 financial year '26-'27, the global and domestic electronics manufacturing landscape navigated a very complex macroeconomic environment, characterized by persistent inflationary pressure across commodities and supply chain. Sharp price spikes in core input components exerted temporary cost pressures across the broader hardware ecosystem. However, Dixon's agile cost-plus contract structures and pass-through mechanisms enabled us to deliver a strong revenue growth even amid temporary volume friction.

Operating margin for the quarter reflected temporary compression on account of expiry of Mobile PLI 1 in March '26 and from increased selling prices driven by elevated input costs and broader supply chain inflationary factors. As increased input costs were passed through increase in selling prices, percentage margins look optically lower, mostly in mobile and IT hardware business.

While the sunset of Mobile 1 incentives impacted short-term percentage profitability, Dixon's strategic pivot towards component backward integration, including display and camera modules, along with participation in mobile PLI 2 and ECMS positions the company to drive absolute profit growth and restore operating margins from the next fiscal of '27, '28.

Washing machine and refrigerator business witnessed temporary margin pressures on account of volatility in polymer prices, other related input costs and adverse foreign exchange movements. These impacts are expected to normalize with cost pass-through through measures and operational efficiencies taking effect.

Operationally, our execution continues to be strong with the stable manufacturing efficiencies, disciplined cost management and sustained customer demand across key businesses. We remain focused on driving absolute value creation through scale, productivity improvements and deeper backward integration. As we continue to expand our capabilities and benefit from the new growth opportunities, including strategic partnerships and increasing localization, we remain confident to deliver sustainable long-term value for all stakeholders.

Our strategic focus on balance sheet optimization and capital efficiencies continue to yield strong results, driven by operational leverage, high asset turns and potential capital allocation with return on capital employed and return on equity at 34.1% and 23.4%, respectively. Enhanced working capital discipline resulted in an optimal working capital cycle of negative five days.

We remain firmly committed to drive value-accretive expansion across all verticals while maintaining strict capital management discipline and preserving superior return metrics for our shareholders.

The timing of the announcement of the mobile phone manufacturing scheme is well aligned with the objective of the ECMS policy. While ECMS is focused on building a robust domestic component ecosystem, the mobile phone manufacturing scheme is expected to create sustained demand for critical components by driving higher mobile production and greater value addition.

We expect the contours of the scheme to be announced in a couple of weeks and remain excited about the opportunities in mobile and IT hardware business. Now I'll share with you the business performance insights in each of the segments. Mobile and other EMS business.

Revenue for the quarter for mobile and other EMS business was INR14,179 crores with operating profit of INR373 crores. During the quarter, mobile industry experienced a structured evolution from volume-led expansion to value-driven growth. While total shipment volumes saw a modest decline amid elevated global memory and component prices, the total industry market value expanded securely into the positive territory.

Mobile volume performance was aligned with temporary demand contraction seen across the broader smartphone market by 10% to 12%, while our top line witnessed a strong revenue growth due to higher input cost realization. Our market position, customer engagement and manufacturing capabilities remain intact, and we expect 20% to 25% volume growth quarter-on-quarter growth as consumer demand strengthens and we have a strong order book.

We received the PN3 approval for our JV with Vivo in July '26, and we are now working towards the consummation of the transaction. We expect the JV to commence operations and start reflecting in our revenues from Q3 of the current fiscal. Construction of our 1 million square feet facility in Noida with higher capacities for our anchor customer is almost completed. We expect the operations to commence from Q3 of this fiscal. We are expanding the capacities of camera module in subsidiary Q Tech, which is an ECMS beneficiary for smartphones from 70 million annually to 180 million to 190 million annually over the next 15 to 18 months, largely catering to a captive smartphone volumes in addition to deepening the level of manufacturing.

Construction of our display facility is completed and installation of machinery is going on for mobiles, IT hardware products and automotive displays. The response from various brands is very encouraging and the trial will start from the beginning of Q3 and mass production to commence from end of Q3 and beginning of Q4 this fiscal year.

Telecom and networking products. This segment continues to deliver robust growth driven by strong adoption of 5G, FWA and broadband equipment. With localized subcomponents, scaled manufacturing lines and a healthy order book, the telecom vertical remains on track to serve as a growth catalyst for the current and coming fiscal years.

Production of complex microwave backhaul radios for large global brand has scaled up successfully, and we expect to also commence exports of these products during the current fiscal year.

Our joint venture with Taiwanese ODM, Gemtek for manufacturing of optical transceivers, a small factor-form pluggable and BOSA under our approved ECMS application will allow us to capture a share of growing demand in the telecom and data center segments. In line with our path to progress from a pure EMS provider to a solution-oriented engagements, we have commenced a joint design and manufacturing agreement with a marquee customer.

IT hardware products, the segment delivered a healthy performance for the quarter under review, and we are track on track for multiple growth this year. Our IT hardware product manufacturing unit in Chennai is rapidly evolving into India's largest IT hardware manufacturing campus, where we currently manufacture notebooks, desktops and AIOs and I have healthy order book. We have onboarded a high-end gaming notebook customer.

Our new manufacturing facility addition to our current facility in Chennai for a 60-40 joint venture with Inventec Corporation, one of the largest top 5 ODMs in IT space is expected to get operational from Q4 of this fiscal. We have also expanded our capacity in our Noida facility for our anchor customer, and we started manufacturing tablets in addition to laptops for our existing customer.

Moving strategically beyond traditional end computing, and we are actively discussing with a joint venture partner to tap into the growth into the high-growth enterprise server and data center hardware ecosystem, which allows us to address a surge in cloud and AI infrastructure demand and will start manufacturing SSD from Q3 and also exploring other critical components such as power supplies and mechanicals, which will enhance value addition and margins.

Driven by the strong structural catalysts, we possess immense confidence in the strong forward visibility in accelerating this vertical's trajectory, positioning it to become one of the most meaningful strong growth pillars of Dixon's overall portfolio over the next few years. Home appliances, the revenue for the quarter was INR382 crores and operating profit of INR32 crores.

The segment continues to deliver robust top line growth driven directly by the strategic investments in capacity, product portfolio expansion and in-house backward integration in molding and tooling capabilities. This integrated manufacturing approach enables us to deliver structural cost efficiency to our customers while unlocking significant operational leverage as we scale production across both semi-automatic and fully automatic product line.

We have started manufacturing semi-automatic washing machine in the higher capacity categories of 16 and 18 kg, which is the first across the industries. Addition of our new manufacturing facility in Tirupati will expand our capacities from 0.6 million units per annum by another 0.3 million units per annum, including fully automatic front-loading washing machine 9, which will be launched in Q3 of this fiscal.

We have started production of robotic vacuum cleaners with healthy order book and are on track to start production of dishwashers and microwave ovens in Q3 of this fiscal. We remain confident that increasing premiumization and rising appliance penetration will continue to provide long-term growth opportunities in this segment.

Lighting. Joint venture with Signify continues to deliver robust revenue growth, backed by strong growth in indoor lighting portfolio, led by bats and down liters. While the lighting industry remains competitive, we continue to strengthen our position by leveraging our scale, engineering and designing capabilities and capitalize Signify's leadership position and long-standing relationships with other customers across consumer and professional lighting categories. We expanded our baton production capacity to an industry-leading 5 million units per month, fully supported by backward integrated process.

Pursuing an active product mix improvement strategy, we have launched 1,000-plus SKUs premiumizing the indoor lighting portfolio in the last two quarters and now we can cater to the entire portfolio of indoor lights. In the coming quarters, we are also focusing on expansion of range of outdoor lighting portfolio. We expect to start export deliveries to the largest retail chain in U.S. and Germany in Q2 and Q3 of this fiscal.

Consumer electronics, LED TVs and refrigerators revenues for the quarter under review was INR987 crores with an operating profit of INR58 crores. LED TVs, the industry demand remained soft in value and mid-range segments impacted by sharp input cost inflation, majorly due to high memory prices on account of global supply tightness.

However, demand for larger screen that is 50 and above and premium QLED/OLED televisions remained relatively healthy. We have initiated mini LED production and will transition to an OEM model by Q2 of '27, alongside launch of sound bar TV sets, expanding our play in the premium home entertainment ecosystem. IFPD and digital signage business were also impacted due to increase in the memory prices in the quarter.

Refrigerators. Q1 saw a huge uptick in commodity prices prompting industry-wide older inventory liquidation and slower fresh purchase and demand was further impacted by less intense summer and unseasonal rains. Despite these headwinds, we continue to see strong traction with healthy order book in direct cool and mini bars. Our ODM-led portfolio is scaling well, enabling higher value realization and faster refresh cycles.

We are also expanding our capacities for manufacturing two-door refrigerators, deep freezers, mini coolers and side-by-side refrigerators, improving our value mix and building a broader appliance platform over the period.

Despite the near-term softness, we remain positive on the medium to long-term growth prospects of the category supported by low household penetration, premiumization and increasing consumer demand. Rexxam Dixon Electronics, our 40-60 PCBA AC, PCB joint venture with Rexxam continues its strong growth trajectory, characterized excellent cash flow conversion and an industry-leading return on capital employed profile.

Our new facility in Chennai will be operational starting August '26 with expanded capacity to meet the demand of our anchor customer. And we are in active discussion to onboard a couple of new customers for next year.

Hearables and Wearables, a 50-50 JV with Imagine Marketing that is both continues to deliver strong financial performance, supported by broad-based revenue growth, healthy cash flow generation and a lean balance sheet. Building on this momentum, the JV is expanding into adjacent electronic categories, including dash cam, smart washes, power banks and mobile accessories. This diversification will improve capacity utilization and unlock operating leverage.

With that, I'll conclude my remarks and both me and Saurabh are here to take -- are happy to take your questions. Thank you.

Moderator: Thank you very much. We'll now begin the question-and-answer session. We take the first question from the line of Aditya Bhartia from Investec.

Aditya Bhartia: Sir, my first question is on the PLI 2 scheme. How do you see that scheme benefiting us both in terms of additional incentives that may be available on backward integration as well as on the export side? Is it more about boosting volumes? Or is the advantage likely to be more around margins?

Atul Lall: So, Aditya, we feel that it's a very well-curated scheme. It's a combination of both elements that you mentioned. One is on boosting volumes, which we understand because the domestic volumes are going to be kind of under pressure. The additional volumes will nudge the brand owners to bring in exports out of India. And we at Dixon are already seeing a very significant traction from two of our anchor customers.

So that is for building volumes. And in this, the PLI guidelines is still awaited, but what we understand is it's going to be varying between 2.5% to 5%. Now that higher band of 5% is a very, very large element to support the export from India. And the second is on more and more localization. The figure that we understand is 1.5%, which is basically 0.3% for each component, which is display, camera modules, battery, mechanicals and charger.

And please also appreciate this 0.3% is on the export value of the set, which is very large support on the component side. So these are the two important selling features, which we feel would help the Indian manufacturing industry in mobile to get into the global markets with deepening of value addition.

And third, of course, is design element. We have to wait and watch for that, which is more focused on the local Indian brands. But the first two elements of the PLI are, I think, extremely encouraging.

Aditya Bhartia: Understood, sir. And on the export side, is it mainly about these two anchor customers, which are existing customers? Or do you think that there could be a larger opportunity elsewhere as new customers getting added the way it kind of played out in the original PLI scheme?

Atul Lall: So we are all waiting for the exact guidelines to be rolled out. And then we'll be having a GTM strategy for going beyond our existing customer portfolio. But as of now, our two large relationships are extremely keen for looking at India and Dixon as a manufacturing base for servicing the global market.

Aditya Bhartia: Sure, sir. Sir, my second question is on working capital, wherein it appears that this quarter, working capital has increased a bit from the cash flow statement, it appears that almost INR800-odd crores may have gotten consumed in working capital. So I just want to understand what has really transpired. And at the same time, we can also see that in the mobile phone business, the capital employed has gone up. So is it on account of this working capital deployment or HKC JV? If you could just elaborate on that?

Atul Lall: So our capex has been to the tune of INR335 crores. But mainly, there has been more working capital deployed for building certain inventories, strategic inventories because there were supply chain challenges because of the memory price hike. So we had to accumulate inventory across various verticals. And also, we had some extra cash if you see lying at the end of March, which was a floating cash, which had to be paid out to the creditors. It's a combination of these three things.

Saurabh Gupta: Yes. So, one is, of course, the inventory, I say, the strategic inventory, which helped us because the memory prices are also continuously increasing and it's on an increasing trend. And secondly, in some of the businesses, you have to back-to-back reinvent. So we got a lot of cash in end of March, which was subsequently paid beyond March. So that is the reason. So this you will see that over a period, it will continue to get corrected from here onwards.

Atul Lall: So, Aditya, please be rest assured it's a temporary...

Saurabh Gupta: Temporary phenomenon.

Aditya Bhartia: Temporary phenomenon is going to get corrected immediately.

Moderator: We take the next question from the line of Sameet Sinha from Macquarie.

Sameet Sinha: So, Mr. Lall, a couple of things. First thing I just want to clarify this 20% to 25% growth in smartphone that you're talking about quarter-over-quarter. You were just referring to this particular quarter? Or are you talking about the year?

Saurabh Gupta: No, no. We are talking about -- Sameet, this is Saurabh. We are talking about quarter 2. So as of now, we are giving short-term visibility. So quarter 2 against quarter 1, we are expecting a 20%, 25% kind of a growth. So that is the order visibility that we are seeing from our brands.

Sameet Sinha: Okay. That's good. And can you just walk us through the seasonality of phone manufacturing? Obviously, the festive season is the time when most of these phones get bought and sold. So what should we expect beyond this 20% to 25% and for the rest of the year?

And I guess the second part of my question is, is the guidance of 32 million phones still intact? And if you can walk us through kind of the drivers for that, while the rest of the world or rest of the industry is declining, you're saying flat year-over-year. So that's pretty commendable.

Atul Lall: So here, Sameet, we are talking about the numbers without Vivo. Now our order book for Q2 to be precise, is somewhere around 9 million to 9.2 million. So, by the first half, we would be close to around 16 million, 16.5 million. Our last year numbers were around 32 million, 33 million. We feel we should be somewhere close to that number.

And I think that way, the team has done a fairly good job because there is a very significant decline in the market. And we'll be -- we still feel that we'll be holding on to our numbers of last year.

Sameet Sinha: Right. So my second question is, I guess, you're talking about Inventec and operational by the fourth quarter, then you also mentioned some data center server manufacturing, which should start in the third quarter. Can you give us just more details around both these two opportunities, which sounds as if they are very good and very large and be interested to know more.

Atul Lall: So, for us, IT hardware vertical is an extremely important and high-growth opportunity. The campus in Chennai is already geared up for almost around 2 million units. The product portfolio is now laptops, AIOs and desktop. The North capacity, we have added a new product category of tablets along with laptops. The new SSD line, which is the first initiative of backward integration, has already been installed.

Top 4 out of 5 customers are there with us. One new brand for gaming laptops has been added to the customer portfolio. What I was referring to in my opening remarks was that our joint venture with Inventec, which is one of the top 4 global ODMs in this space, the factory is getting ready.

And this factory should become operational by end of Q3 or early Q4 of the current fiscal. In this, we're going to be doing PCBAs. And also in this, we are in discussions with our partner for starting the servers, the general servers and also the data center servers. That is the plan.

Moderator: We take the next question from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Sir, first question is, I mean, on this PLI 2.0, any assessment now with this PLI scheme out and details to be sort of -- we also expect soon. What can be the export potential we can see from our anchor customers maybe in the next one, two years? And the current volumes, which you are talking about, say, in Q1 or Q2, what will be the export number in these, which we are already doing?

Atul Lall: So our current quarter export number was around INR1,100 crores. We feel that in a couple of years, that can add almost 15 million to 20 million to our numbers, additional quantity in a couple of years. So which is an addition of almost INR18,000 crores to INR20,000 crores of revenue. That's what we look at with our two anchor partners.

Siddhartha Bera: Understood. And is there any potential to sort of look at more customers with Vivo also or anybody else also to try and sort of address this? And second is on this PLI 2.0 also, we understand there will be some requirement of localization levels. So now we have already done a couple of them. And we already also had planned for enclosures and batteries. So if you can get us some sense on where are we in terms of localization as of now? And in the next couple of years with these ramping up the JVs, where do we stand?

Atul Lall: So there are two parts of PLI 2. One part is going to be linked to your production value, which we feel largely will come from the global markets. The second, as I had shared in my response to Aditya's question is linked to the localization in which we understand the details that is still awaited, they are mentioning five components, out of which we have a play in two, camera modules and display.

The other three components, you see the scheme has just been rolled out. We have to sit together and apply our minds that what can be Dixon's play in that. Is there anything very tangible as of now from our side? No, not yet. But we'll definitely be sitting together that we can have a play in that.

Siddhartha Bera: Understood, sir. Sir, last question on the feature phone side. We had talked about a big order book and a strong ramp-up in volumes in the next couple of years. Can you highlight if there has been any change? And are we on track for those type of volumes in this year and next year?

Atul Lall: So, in feature phone, we are already the largest. Almost two-third of the production being done in India is done with Dixon. We are with two of the largest brands in India. And what we had shared was that one of our anchor customers is shifting the export base to India. And please be rest assured that is on track. It gets further solidified with the rolling out of PLI 2.

Moderator: We take the next question from the line of Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: Sir, first question, if you could help us with respect to the revenue for telecom and IT hardware separately, please?

Saurabh Gupta: Yes. Revenue for telecom was around closer to INR2,100-odd crores and IT hardware is somewhere around INR1,350-odd crores.

Achal Lohade: And would it be possible to know what is the Y-o-Y or Q-o-Q growth, if you could help us with that as well, sir?

Saurabh Gupta: I wouldn't be having right now. But IT hardware, there is a significant growth because now the business is coming to -- the stabilization and ramping up has happened, the volumes are increasing with the brand. So, IT hardware, definitely, there will be a huge growth as compared to same period last year. And telecom, we are...

Atul Lall: Telecom is almost going to be flat as compared to last quarter.

Achal Lohade: Understood. Sir, if I missed out, I don't know, in terms of volume for the current quarter, is it somewhere around 7.5 million?

Saurabh Gupta: Yes, that's right. We did around 7.5 million volumes for smartphone.

Achal Lohade: Got it. And of this, how much would be exports, sir?

Saurabh Gupta: Export, I don't have the volume number in absolute number, it is closer to INR1,100 crores. In volume-wise, it should be almost 7.5 million, I think so 0.6 million or somewhere.

Atul Lall: Around between 0.6 million to 0.7 million.

Achal Lohade: Got it. Sir, my next question was in terms of the disadvantage, earlier we used to hear about the disadvantage India had versus China was somewhere around 10% to 12%. So you think where are we right now? And with the PLI, would we become absolutely cost competitive? Or it's more the China Plus One, which is helping in terms of the volumes as well on the export opportunity front?

Atul Lall: See, we feel now that the PLI being rolled out, the PLI 2 being rolled out for mobile is extremely, extremely well thought out. A lot of number crunching is done. And now I think we can stand on our own feet. So, obviously, it's going to take time, but we are seeing a very positive traction from our existing anchor customers.

Achal Lohade: Got it. Would we have the similar margin what we have for the domestic market for this export or it could be even better, ex of incentive, sir?

Atul Lall: So it's going to be similar.

Saurabh Gupta: So it will be almost in the similar lines.

Achal Lohade: Understood. In terms of the components, if you could call out what has been the EBITDA contribution for the first quarter? Would that be possible?

Saurabh Gupta: So component as of now, display has not started. Q Tech is closer to INR500-odd crores. But I think it will take time for us to contribute meaningfully from this Q Tech component thing. So I think we'll be able to give a better guidance in the next couple of quarters.

Moderator: We take the next question from the line of Santhosh Seshadri from Avendus Spark.

Santhosh Seshadri: I have a quick clarification on PLI 2.0. Can you help us understand when this new scheme will start contributing meaningfully to margins? And is it large enough to offset the decline from the tapering of PLI 1.0? And on the localization requirement, do you see any margin benefits on capital consumption of some of these components like camera modules and display modules on the domestic sales that you have?

Atul Lall: So, on the first part of your question, we feel that in a couple of quarters, the export volume should start coming in, and they'll keep building up, because it requires new model allocation, capacity creation, testing the new fixtures. But we feel that in a couple of quarters, it will start acquiring a significant mass. The second is, yes, in a calibrated way, more and more localization is going to take place. And definitely, it's going to be margin accretive.

Santhosh Seshadri: Got it, sir. And just on the revenue side, can you break down the mobile revenue growth into volumes and how much was contributed by volumes growth and average selling price? And it looks like the volumes were better than what we have guided for as of last quarter. So do you think that's a function of Dixon gaining wallet share? Or is it an overall better market performance or any of the OEMs that we work for gaining market share?

Atul Lall: So, definitely, in Dixon, we have gained the market share because the volume degrowth is significantly higher. So we have been kind of able to maintain our share, in fact, maintain the volumes and increase the share. That's the way scenario is. And as we had mentioned, in Q2, we have a much better order book.

Moderator: We take the next question from the line of Rahul Agarwal from Ikigai Asset.

Rahul Agarwal: Congratulations. I know the profits are down Y-o-Y, but I think in a challenging quarter, you've done well. So kudos to that. Sir, just some clarification and pardon me for my ignorance. But mobile PLI 2, is it going to be only applicable for exports? Because when I read whatever is available publicly, I don't see that it is actually specifically mentioned.

So whatever volumes we are doing right now, not in terms of backward integration, but the smartphone volume you're doing right now and then Vivo also gets added. Is any incentive Dixon going to earn on that?

Saurabh Gupta: So, Rahul, as of now, we have whatever understanding we have, of course, the exact details need to come out, which hopefully should come out in the next couple of weeks. But first of all, this scheme should be effective from 1st of April '26. FY25-'26 will become the base year of this PLI scheme. And as per our understanding is that anything incremental that you do becomes eligible for PLI irrespective of exports.

Atul Lall: So, Rahul, also to take further what Saurabh is sharing, here is going to be brand-wise. Here is not Dixon '25-'26. It's brand-wise sales of any brand X for which we are manufacturing. Let's say, it is at a certain base for '25-'26. If the volume -- if the value of production goes beyond that '25-'26, specifically for that brand, as per our understanding, it becomes eligible for the PLI. The practical scenario is that the growth is not there. So one feels and the industry feels that the growth is going to come from exports. That's the rationale. Are you understanding what I'm trying to say?

Rahul Agarwal: Yes, very clear, sir. So even I was thinking the same that fiscal '27, because the industry is going to go down domestically, the base year of '27 doesn't really make sense, right? I mean the fiscal '27 being the first year, nobody will get an incentive, right?

Saurabh Gupta: But again, Rahul, to your point also, the memory prices have gone up. So the selling prices have also gone up. So that will also potentially can help in higher revenues also.

Atul Lall: So, the number crunching, Rahul, that we have done for our anchor investors, when the export comes in, we definitely become eligible.

Rahul Agarwal: Got it, sir. And just a couple of smaller questions. We saw some media reports talking about some Chinese approvals needed for the Vivo JV. If you can just clarify that? And secondly, just on the new businesses, you spoke about telecom, IT and we've been talking about that for the last three quarters, and that business has been ramping up pretty steadily.

Just in terms of over and upwards of mobile, right, and more so from a fiscal '29-'30 perspective, I know it's a very long time and current situation is so volatile. But what are you excited about in Dixon in terms of new products for fiscal '29-'30, which could actually scale to INR5,000 crores, INR10,000 crores top line. Something on that bit could really help.

Atul Lall: So, responding, Rahul, to the first part of your question, as we shared in the opening remarks that our Vivo JV is going to get fructified and transaction concluded within the next two months. And the numbers are going to get accounted for in our financials from Q3 fiscal. I hope that answers your question.

The second part is on the growth beyond mobile. So, first, beyond mobile is the scaling up of our components business. That is both display and camera modules. Then we feel that we are at an inflection point in our IT hardware business, which on the consumer side itself, we feel that we are going to be having a very large share of the Indian market for laptops, tablets, desktops, AIOs. Extension of that, our partnership with Inventec in which we are going to be foraying into the more higher-end products like servers.

And then the backward integration play there of SSD modules. So we see a significant potential, a very significant potential into the IT and hardware business. It's going to be almost a replication. Of course, the opportunity pool is not as large. It's going to be a replication of our mobile domain.

We are extremely excited about a telecom venture, in which we are expanding our product portfolio. I shared in the opening remarks, that we have got into already the manufacturing of products like microwave radios, which is beyond the CP products and also our JV with Gemtek Taiwan for getting into the optical transducers that is the SFPs for the end use, both in the telecom network as well as the data centers.

Then there is an expansion of our home appliances portfolio, wherein we are going to be launching very shortly in our washing machine divisions, the new product category of front-loading washing machines. And Dixon is the first OEM in the country, which is going to be launching this particular product.

Further, we are starting manufacturing for our anchor customer, microwave ovens and dishwashers in a couple of months. We are going to be rolling out the ODM solutions for dishwashers in next six to eight months. In our refrigerator category, we are expanding our capacity from 1.5-odd million to almost 3 million.

We are going to be starting manufacturing side-by-side refrigerators in a couple of months. The new product categories of frost-free 240 and 280 liters, deep freezers and mini coolers is going to be launched by Q4 of the current fiscal, expanding the capacity from 1.5 million to 3.2-odd million, which is going to be the largest capacity of refrigerators at a single site.

Now these are all exciting opportunities for us. And also in our lighting vertical, wherein we have a deep relationship now in our lighting vertical with Signify. We're looking at export opportunities.

We have launched almost 1,000 SKUs on the luminaire side in the last six months. We have got significant breakthroughs in export markets. We will be starting exporting lighting products to the largest retail chains globally in the next quarter, the largest retail chain in Europe in the next quarter.

We would be launching the professional range of street lights, blood light, industrial lights in the next six to eight months. So these are all growth opportunities for Dixon. We are extremely confident that there is no lack -- I mean, the runway for growth is extremely good.

Rahul Agarwal: Congrats, sir. Best wishes for the year to come.

Moderator: We take the next question from the line of Bharat C. Shah from BCS Capital Ideas Private Limited.

Bharat C. Shah: Yeah, Namaskar. I really had a question not for this year or next year, but a little down the line, maybe three years in more as to how the picture is I visualize is emerging. And I wanted to get your thoughts on that, whether I'm understanding it right or it requires modification.

So if I retrace a little bit of journal of EMS in India and Dixon in particular, I think the Phase 1 of yesterday for whatever number of years was characterized by limited categories, basically designs of the brands while role of Indian firms was restricted largely to manufacturing to the print. And the value add was low. And scale also was emergent one and had not really fully established.

I think in last two, three years and today, we have certainly established scale, for example, in the mobile phone very clearly. Exports also have emerged from the Apple ecosystem in a significant way. And we have improved our value add. We have improved our -- some component of design-led manufacturing.

But as I visualize some of these advantages probably will remain for a limited period of time unless India itself makes significant change in the trust of the ecosystem because as I see the future of the EMS manufacturing, it will mean scale, it will mean own designs. It will mean technology and using AI-grade shopping manufacturing flows, advanced material, advanced engineering and our own proprietary knowledge.

And time to build those competence will take years. And if these are not fully in evidence in some time, our current advantages probably, I'm afraid, may dwindle over a period of time. And I wanted to get your thoughts on this.

Atul Lall: So, Bharat bhai you have touched my heart. Yes. So the question and the narrative that we have just shared is absolutely apt. In Dixon, we have to -- and we have started initiating that we have to focus more on technology. We have to focus on AI-led manufacturing. We have to acquire the skill set for IP acquisition and much deeper sciences.

Now what we are trying to do, Dixon's growth, if you are seeing strategically, is being pursued through partnerships. And many of these partners, whether it's Inventec or Gemtek demand for optical transducers, Longcheer for mobile designing, they're all masters in their own domains.

The whole objective and what we are trying to pursue is that in Dixon, we need to acquire talent and build the capability of acquiring that knowledge and implement it on our shop floors in our R&D centers. So in our own way, we have initiated that.

So just to share with you, we have now launched a center of excellence in BITS Pilani, which from August is going to be rolling out an M.Tech program, specifically in these areas of display, optics, artificial intelligence, robotics, humanoids, tools and dyes, precision engineering.

And the forces have been curated. The faculty has been selected all by us. There's a governing council, which I lead along with Vice Chancellor of BITS Pilani. The same thing is going to be replicated, and that's for product designing at BITS Pilani Hyderabad campus.

And for the larger initiative on the scientific side, the same M.Tech program is being launched at Plaksha University Chandigarh Mohali. So the whole idea is deepen the partnership with possibly the best globally, bring in foreign talent or nurture Indian talent to acquire that skill set. Now it's going to take time, but that is the building block one is trying to put together.

Bharat C. Shah: Delighted to know about the COE at BITS Pilani and what you described about physical AI initiatives. Atul ji, what about advanced material capability, specialty chemistry capability, advanced engineering strength, which are design led. What are the steps in that direction?

Atul Lall: So, let's say, this front-loading design, the front-loading washing machine, I'll come to the other part that you're answering, but I'm just keen to share. The front-loading washing machine that is being launched, the front-loading washer is an extremely complex SKU. So we've brought in the R&D head of a large global conglomerate from Korea to head our R&D.

And our team along under the mentorship of this Korean senior person has developed the solution. So what's happening is that in this process and this project is being launched within 10 months, the complete team is just absorbing the knowledge, which is at a global level.

Now what one is trying to do at BITS Pilani is not purely only manufacturing technology. That's the reason I said that what you mentioned earlier is exactly what my focus is that all this has to be acquired with deep sciences later. Let's say, when you're talking about display, I'm talking about materials. I'm talking about chemistry.

When I'm talking about tools and dyes, I'm talking about deep metals, again, chemistry. So that's what we are trying to do. If Dixon has to read somewhere, those extremely strong building blocks, of course, along with the financial metrics has to be built in.

Bharat C. Shah: Delighted to know that. One last piece on that…

Atul Lall: Sorry. Beyond the financial metrics, is this something, something...

Bharat C. Shah: Of course. One last speak on that. I suppose the initiatives and thoughts are in areas much more than devices, personal devices and appliances and all of that into precision engineering and precision manufacturing because that's where greater value add and superior margins would lie.

Of course, it will also call for significant investment in the interim period, and that has to be accepted without any doubt. But over a period of time, the future, I think, would remain and would get enhanced with that. On the other areas in precision manufacturing, some thoughts at your end?

Atul Lall: So, please be rest assured, sir. We are aggressively working in that direction. Specifically in the area of precision engineering. Sorry, I'm not able to share more details. Hopefully, things rectify, we'll come back to you shortly. It's specifically in the area of precision engineering.

Saurabh Gupta: So what you have highlighted is already we are working on. Maybe give us some more time, sir, we will come back to our shareholders what exactly we are talking about.

Atul Lall: I didn't share it in my opening remarks because it's not fair. But since we have raised this question and mentioned this extremely important point, just be rest assured that we are very deeply working in this domain.

Bharat C. Shah: Thank you, Atul ji. And I strongly ardently believe if this journey has to be attained at a scale by some company in India, I think Dixon is going to be at the forefront of it. And therefore, the concern and belief that why this journey needs to be carved out. Thank you so much and all the best wishes.

Atul Lall: Thank you. Thank you, sir.

Moderator: Thank you. We take the next question from the line of Ravi Swaminathan from Avendus. Please proceed.

Ravi Swaminathan: Hi, sir. Thanks for taking my question. I have one question regarding servers global market. We have big players like Foxconn, etcetera, who have almost like more than 40% of their overall revenue coming from data center-driven servers, and it has built up especially just post-COVID.

What kind of -- over the next three to four years, how is the journey for Dixon likely to be with respect to servers? What are the positives that can pan out? What can be -- what are the challenges now which are -- which we face with respect to server manufacturing?

Atul Lall: So, undoubtedly, opportunity is immense. And here, I am referring to both servers, general servers, industrial servers. That's what we shared in response to the earlier question. We will be leveraging our deep relationship with our joint venture partner in Medtech. Largest global players. In the Chennai campus, this factory is being built up. We will be making a footprint for server [inaudible 0:54:22]

Ravi Swaminathan: Got it, sir. Yeah.

Moderator: Thank you. We take the next question from the line of Abhishek Ghosh from DSP. Please proceed.

Abhishek Ghosh: Yeah. Hi, sir. Thanks for the opportunity. Sir, just wanted to clarify one thing in terms of mobile. You're calling out that first half, you will be doing about 16-odd million. So, second half also, that means about 16 million. Last year was about 12 million. So, ex of Vivo, you will still see a strong growth in second half despite memory issues kind of being there. So just wanted to reconfirm on that, sir.

Atul Lall: Abhishek, the kind of order book and outlook at present we have, we feel so. However, you know that how the market is going to pan out, one has to wait and watch and see. So last year, we did around 32-odd million. First half, we are confident because the immediate order book for the next two months is there. July has come to an end. We will be closing at almost 16 million, 16.5 million.

Abhishek Ghosh: Okay. Okay. And that's going to be largely out of the market share gains in domestic or will it be export led? Any thoughts on that?

Saurabh Gupta: Largely, Abhishek, it is -- we have taken market share because, as you know, the market will contract this year. As per the previous reports, it will contract by a decent number, double-digit number. And within that, if we are able to maintain our market share of the similar volumes as what we did last year, I think so definitely, it clearly shows that we have gained market share from other U.S. operators.

Abhishek Ghosh: Got that. Got that. And sir, the other thing is on margins. Since optically, the margins look lower on a rising input cost. From here on, quarter-on-quarter, the margin profile should stabilize to improve and exit should be better because of components coming in. If you can just help us through that bridge?

Saurabh Gupta: Abhishek, the component play would largely play out next year. Of course, Q Tech will start contributing, but it's contributed, but that's a small contribution as compared to the display, which will start coming from Q4 and then it will take time to ramp up and stabilize.

We feel that the memory issue, the prices of memory will continue to go up or at least not come down. So, the margin, there will always be margin pressure in this business. So we are not expecting a margin improvement from here onwards, of course, in...

Atul Lall: In the current year.

Saurabh Gupta: The current year. But definitely next year, the margins should start to improve.

Abhishek Ghosh: Got it. Okay, sir. Thank you so much for clarifying and wish you all the best. Thank you.

Moderator: Thank you. We take the next question from the line of Nirransh Jain from BNP Paribas.

Nirransh Jain: Yeah. Hi, sir. Good evening. Thank you for the opportunity. Sir, my first question is just a clarification on the incentives again. So based on our current understanding, will Vivo volumes would be eligible for these incentives since FY26, it's not in our base. So will it incrementally be eligible? Or do you think it's based on the production of the brand, so will not come under the scheme?

Atul Lall: So as we shared with you that the threshold is on the basis of the brand-wise production. If the concerned brand production is going beyond the threshold as per our understanding, although the final print and the guidelines is still have to be rolled out, it will be on the incremental production over the threshold brand production of last year.

Nirransh Jain: Got it, sir. And sir, secondly, on the retention for these incentives. So based on our understanding, at least in the PLI 1.0, we saw a lower retention with Dixon primarily to gain more market share and to get more brands. Now with like a decent volume size, do we believe that for this round of incentives, our retentions could be much higher versus what we have seen in PLI 1.0 or any discussions that we had with the customers regarding the retention rate?

Atul Lall: So that's slightly difficult responding to that question. We'll take it as it comes.

Nirransh Jain: Sure, sir. Sir, and if I can just squeeze one more. Sir, on the Q Tech. So before the acquisition, Q Tech used to make closer to 6% to 8% EBITDA margin. And now we have seen since the last 3, 4 quarters since the acquisition, the margin seems to be subdued like since it has not added to any margin uptick in our mobile and EMS business.

So may I know the reason for this? And since when can we start expecting a margin uptick from Q Tech back to the levels that it used to make before the acquisition?

Saurabh Gupta: First of all, Nirransh, the statement is not right. It is adding to our margins, but not to the same potential as what we had thought. So it is taking some time for us to deepen the level of manufacturing, put more capacities. And also somehow the FX has also has played a spoilsport in this business for some time. But now those things will hopefully are all behind us.

So gradually and slowly as the capacities are building, more deepening of manufacturing happens. Volumes, of course, they are a large player in the anode ecosystem. So the margin profile will continue to go up.

Atul Lall: Please be rest assured that quarter-on-quarter, the margin profile would improve. It was a temporary aberration primarily because of some currency implications, which has now largely has been corrected.

Nirransh Jain: Surely, sir. That’s very helpful. Thank you and all the best.

Moderator: Thank you. We take the next question from the line of Sameet Sinha from Macquarie. Please proceed.

Sameet Sinha: Yes. Thank you. So I have actually a couple of follow-ups. Mr. Lall, you mentioned something about the PLI being effective April 1st. Are you saying that it's going to be retroactive to April 1st of this year? And the second question is in the last earnings call, you spoke about the opportunity in industrial EMS. Can you tell us -- can you give us an update on what's happening over there? Those are two questions, and I have a follow-up.

Atul Lall: So responding to the first part of your question, as per our understanding, it's going to be applicable from 1st April '26. Responding to the second part of questions, please be rest assured, as I have shared with Mr. Bharat Shah also that we are aggressively pursuing some opportunities in this space.

Sameet Sinha: Got it. And so just one follow-up. I mean it just seems like between PLI and ISM 2.0, the reduced duties on certain imports, the government seems to be getting behind the electronics industry. And is that anything else that we can expect? Or am I getting too greedy here?

Atul Lall: No, I think the policy framework for electronics industry has been one of the most supportive, and we really want to thank the government. Also, one policy framework intervention, which is extremely positive for us is the duty reduction on the inputs for display for automotive.

That's an extremely important sector for us. The first line being installed in our display plant is for automotive and IT product. And with the duty reduction, the arbitrage significantly goes up. So that's a very major positive for us.

Sameet Sinha: Got it. Thank you very much.

Atul Lall: Thank you.

Saurabh Gupta: Thank you.

Moderator: Thank you. We take the next question from the line of Achal Lohade from Nuvama Institutional Equities. Please proceed.

Achal Lohade: Yeah, this is Achal Lohade. Thank you for the follow-up opportunity sir. Just hoping on the previous question with respect to telecom and IT hardware. If you could call out -- you had earlier indicated certain revenue numbers for FY27, '28. If you could talk about that, are they on track? Or is there any upside to those revenue figures?

Atul Lall: So you're talking about telecom revenues.

Achal Lohade: Telecom and IT hardware, both sir. Yes.

Atul Lall: So, telecom revenues, please appreciate, we have grown from INR700 crores to INR3,600 crores to INR5,000 crores and we feel, as I mentioned earlier, we're going to be somewhere between INR6,700 crores to INR7,000 crores in this fiscal. And there's going to be a decent growth next year. That's where we are.

In the case of IT hardware, the order book is extremely strong. Please appreciate in the first quarter, IT hardware numbers are approximately INR1,300-odd crores which we did in the whole year last year. So that's the kind of growth. And it's going to be -- just keep on ramping up, please be rest assured.

Achal Lohade: And if you could talk a little bit on the margin profile for these two segments, sir?

Atul Lall: So our margins on telecom side in this quarter was almost 5.1% of operating margin.

Achal Lohade: And how about the hardware?

Saurabh Gupta: IT hardware is slightly...

Atul Lall: It's going to be lower.

Saurabh Gupta: Yes, slightly lower, similar to what we make on mobile. Telecom is slightly higher than what we make on mobile segment.

Achal Lohade: Got it. There was one media article about the MOU signed in Madhya Pradesh with respect to telecom. If you could elaborate or clarify on the same, sir?

Atul Lall: So the Government of India and Madhya Pradesh government have formed an SPV to set up a telecom manufacturing zone in Gwalior. It is an extremely attractive scheme wherein land building is at INR1 per square meter for a 30-year lease. There is a capital subsidy of almost 50%. There is an employment allowance for workers of almost INR5,000 per worker. There is a power tariff subsidy of INR2 per unit.

There is a skilling subsidy for INR13,000 per worker up to 4,000 workers. It is right next to the Expressway. It is five minutes from Gwalior Airport. It is five, seven minutes from Gwalior Station. It's 20 kilometers from ICD Malanpur. So we are going to be establishing our footprint there.

Moderator: It seems like the participant is out of the queue. We take that as the last question for the day. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Atul Lall: So, thank you very much, everyone. Really appreciate you participating in this call. Thanks very much.

Saurabh Gupta: Thank you very much. Thank you.

Moderator: Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.