Dixon Technologies (India) Limited

5th November, 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 Q2 FY 27 Earnings Conference Call held on 30th October, 2026

Pursuant to the provisions of 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 Q2 FY 27 Earnings Conference Call of the Company held on **Friday, 30th October, 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 Q2).**

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: 2026.11.05 15:57:37 +05'30'

Ashish Kumar
President- Chief Legal Counsel & Group Company Secretary

Encl: As above

“Dixon Technologies (India) Limited Q2 FY '27 Earnings Conference Call”

October 30, 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: Good day and welcome to the Dixon Technologies Q2 FY '27 Earnings Conference Call, hosted by DAM Capital Advisors.

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 touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Tanay Shah from DAM Capital Advisors. Thank you, and over to you.

Tanay Shah: Thank you. Good evening, everyone, and welcome to Dixon's Q2 FY '27 Earnings Call.

Today, we have with us 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 Atul sir for his opening remarks, post which we will open up the floor for Q&A. Thank you, and over to you, sir.

Atul Lall: Thanks, Tanay. Thank you so much. 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 Q2 performance for Financial Year '26-'27.

Key highlights for the quarter are as below:

Revenues for the quarter ended September 30, 2026 was INR 21,806 crores. EBITDA excluding fair value gain on the stake held by Dixon in Aditya Infotech Limited for the quarter was INR 609 crores. PAT after minority interest and excluding fair value gain on the stake held by Dixon and Aditya Infotech Limited for the quarter was INR 293 crores.

Margins during the quarter were impacted on expiration of mobile PLI 1 scheme along with elevated global memory prices due to rapid expansion of AI infrastructure. The pass-through of higher input cost through corresponding increasing in selling prices resulted in a lower reported margin percentage, particularly in mobile and IT hardware business, despite the recovery of increased cost through pricing adjustments.

Our mobile business has remained resilient, sustaining volumes at broadly stable year-on-year levels, despite the challenging operating environment. Exports volumes for our anchor customer is expected to ramp up meaningfully from Q4, with further growth anticipated along with exports of feature phones and smartphones, exports of Transsion Group's brands from the next fiscal.

Profitability in washing machine and refrigerator was temporarily affected by fluctuations in polymer prices, rising freight costs and transit time, unfavorable foreign exchange movement, and higher cost of other key inputs. These pressures are expected to ease as cost pass-through initiatives gain traction and operational efficiencies progressively strengthen.

During the quarter, we also undertook calibrated pricing actions in response to the sharp rise in input cost. However, with the continued increase in prices, there is always a lag in passing off the same.

Near-term external headwinds do not alter our medium to long-term growth story, and we continue to see strong opportunities for increasing localization, deepening of manufacturing, new customer additions, and India's growing position in the global electronics manufacturing ecosystem.

Our strategic foray into display modules, camera modules, mechanicals, and other critical components represent a significant step in Dixon's evolution from a scaled electronics manufacturing services player to more deeply integrated electronics manufacturing ecosystem.

By building capabilities across critical components, we aim to enhance domestic value addition, strengthen supply chain resilience, improve cost competitiveness, and deepen customer engagement, and progressively unlock opportunities for margin expansion, thereby strengthening Dixon's comparative moat of sustainable growth.

Beyond our established business in component integration initiatives, we are actively evaluating opportunities to build a high-end specialized EMS business with focus on higher margin, low volume product categories with the strong economics and superior margins.

One of the strategic areas which is being actively pursued is manufacturing of silicon photonics optical transceivers and advanced packaging capabilities to capture rapidly growing AI infrastructure, hyperscale data centers, telecom centers, and high-speeding computing technologies that can transmit increasingly large volumes of data with greater bandwidth.

As India builds its advanced technology manufacturing ecosystem, Dixon aims to be among the first of the Indian companies to establish capabilities in these segments through strategic acquisitions or partnerships. The initiative would accelerate moving up the technology value chain, expand our presence in high manufacturing, and position us to capture emerging opportunities in next-generation electronics. And this is also aligned with the government policy framework of ISM 2.

Now I will share with you the business performance and insights in each of the segments.

Mobile and other EMS businesses:

Revenue for the quarter was Rs. 20,093 crores with an operating profit of Rs. 509 crores. Our mobile manufacturing business continues to be a key pillar of Dixon's growth strategy, and we

remain focused on scaling volumes, strengthening operational efficiencies, and deepening our relationship with leading global and Indian customers.

Despite a challenging industry environment, with India's smartphone market declining by 26% year-on-year in Q2 FY '26-'27 according to industry reports, Dixon has demonstrated resilience by sustaining its smartphone manufacturing volume at broadly stable year-on-year levels. This reflects the strength of our customer relationships, execution capabilities, and ability to navigate a volatile demand environment.

Exports are poised to become an important incremental growth driver for our mobile business. Export volume for our anchor customer expected to ramp up meaningfully from Q4 with further growth anticipated along with exports of feature phones and smartphones for Transsion Group brands from the next fiscal. Together, these opportunities will drive significant incremental volumes for the next fiscal, improving capacity utilization, operating leverage, and strengthen Dixon's growth trajectory.

MPMS, that is Mobile Phone Manufacturing Scheme of the Government of India, presents a significant opportunity for Dixon to accelerate growth by scaling volumes and actively engaging with existing Indian brands to build long-term manufacturing partnerships to drive incremental volumes, strengthen market position, and capture a large share of India's mobile manufacturing opportunities.

Consolidation of Vivo operations is expected to commence from Q4, with significant volumes anticipated for the next financial year. Construction of a 1 million square feet facility in Noida with higher capacities has almost been completed, and we expect the operations to commence from Q3 of this fiscal.

Longcheer JV is expected to commence operation with Q3 of the current financial year. We are also exploring the opportunities to expand the partnership beyond mobile phones into adjacent product categories, creating avenues for business diversification and incremental growth.

Q Tech, our 51% subsidiary and an EMS/ECMS beneficiary, operates the largest camera manufacturing plant in India. We have already expanded our capacities from 80 million to 120 million annually, along with deepened manufacturing, which is margin accretive, and will further expand its capacity to 180 to 190 million units annually by next fiscal. The first phase covering automotive and notebook displays is expected to commence trials in Q3, followed by mobile display trials in Q4, with mass production targeted to begin from the next fiscal year.

Telecom and networking products. Revenues for the quarter was INR 1,837 crores. This segment has been scaled meaningfully, supported by expanded customer relationships, healthy order book, increasing localization, and sustained investments in telecom infrastructure.

While our established portfolio of customer premises equipment including fixed wireless access devices, broadband equipment, and other networking products continues to provide a strong

foundation, we are strategically expanding into more complex technology-intensive product categories. Production of complex microwave backhaul radios for large global brands has scaled up successfully, and we also expect to export the same during the current fiscal.

Additionally, we will be adding complex optical platforms and industrial radio products to our portfolio starting next fiscal years. We are pursuing a large opportunity to expand our services to an anchor customer and to serve global markets from our facilities in India with products such as optical network terminals, that is ONTs, and optical line terminals, that is OLTs, and actively working on IP acquisition for IPTV set-top boxes in line with our efforts to increase value addition and deepen our role in serving end customers.

We are in advanced discussion with Tier 1 network equipment OEMs to manufacture aggregation routers for India. These are critical 4G to 5G networks connecting cell sites and mobile towers to the core network. Successful execution would not only add high-value telecom products to our portfolio but also create a pathway to serve global markets.

Our joint venture with Gemtek, a Taiwanese ODM, will manufacture optical transceivers, that is small form factor pluggable SFPs, and bidirectional optical sub-assemblies, that is BOSA, with our approved Electronics Component Manufacturing Scheme application. This JV positions us to capture a share of the growing demand in telecom and data center segments and is expected to commence operations in Q4 of this fiscal.

Our anchor role in upcoming Telecom manufacturing zone at Gwalior will position us at the center of an end-to-end design, manufacturing, and component ecosystem, capitalizing on significant CAPEX and OpEx incentives to deliver scalable and globally cost-competitive manufacturing.

IT hardware products. Revenues for the quarter was Rs. 2,160 crores. Dixon's IT hardware vertical is witnessing a very significant growth driven by increasing volumes, deepening customer engagement, leading to a strong order pipeline with further expanding the product portfolio into high-end gaming laptops for a global brand.

Beyond laptops and all-in-ones in our Chennai facility, we have installed capacities for desktops with production starting in Q3 of this fiscal. We have received a large order for tablets from one of our existing customers under the UP government scheme in a Noida facility.

A new manufacturing facility adjacent to our current facility in Chennai for our 60/40 joint venture with Inventec Corporation from Taiwan, which is one of the world's top 5 PCODMs, is expected to start a trial in Q3 of the current fiscal.

The order book in this category from all our customers looks very healthy, and as a result, we are now transitioning from hybrid category with INR 250 crores of CAPEX commitment to global category with INR 500 crores CAPEX requirement under IT PLI 2 with correspondingly increasing revenue thresholds and higher incentives payout.

Our focus is now moving beyond assembly towards increasing value addition with manufacturing of facility for which the line has been set up and exploring opportunities in mechanicals and power supply which will deepen localization and lead to margin improvement. With the scale and broader product portfolio, deeper component localization, and access to global technology partners, Dixon is well positioned to build IT hardware into a major growth vertical and progressively develop India as a competitive manufacturing hub.

Home Appliances:

Revenue for the quarter was INR 586 crores with an operating profit of INR 48 crores. For semi-automatic washing machine, the volume grew by 27% to 6.3 lakh units during the quarter and by 16% year-on-year to 10.9 lakhs for the first half year ended September 2026.

For FATL, that is fully automatic top loading, the volumes grew by 24% year-on-year to 1.3 lakh units during the quarter and 23% year-on-year to 2.2 lakh units for the half year ended September '26. The segment continues to deliver a very strong growth supported by capacity expansion, broader product portfolio, in-house molding and tooling capabilities. Investments in backward integration will enhance operating leverage and drive sustained profitability.

Having established a strong foothold in semi-auto washing machines and fully automatic top-loading washing machines, the company is progressing towards the launch of fully automatic front-loading washing machines in Q3 of the current fiscal in Tirupati.

We are entering into adjacent categories such as dishwashers and microwaves, ovens, which will be launched in Q4 of the current fiscal, creating opportunity to address a wider consumer base.

In washing machines, we have established the largest manufacturing capacity in India with an annual capacity of 3 million units for semi-automatic washing machines, 0.6 million units for fully automatic top-loading washing machines, and 0.3 million units for fully automatic front-loading machines. This takes our total capacity to 3.9 million units against an estimated annual Indian requirement of 12 million units. With capacity equivalent to approximately 33% of the total market, we are well positioned to capitalize on the growing outsourcing opportunity, onboarding new customers, and scale volumes across product categories, driving improved capacity utilization and long-term revenue and earning growth.

Lighting:

The lighting industry has experienced a challenging operating environment, the subdued demand and pricing pressures. Despite these headwinds, Dixon Lighting business has demonstrated resilience and continued to pursue growth opportunities through portfolio expansion and customer additions. We are strengthening our presence in the indoor lighting segment by expanding product portfolio and offering a wide range of design-led solutions. We continue to premiumize our product portfolios with multiple launches in COB downlighter categories. In the coming quarters, we will also be focusing on expanding a range of outdoor lighting portfolio.

We are further ramping up our SMT capacity with the new BEE guidelines for self-plastered lamps and increased customer requirements. We have commenced exports of strip lights to a large U.S. retail chain and expect to secure additional orders across the broad lighting portfolio and are also in discussion with a large German retailer chain.

Going forward, the company will focus more on premiumization design and higher value-added lighting solutions while broadening its product offering and customer reach, which will strengthen Dixon's competitive position in the market.

Consumer Electronics, that is LED TVs and refrigerators:

Revenues for the quarter was INR 1,115 crores and operating profit of INR 40 crores. Our LED TV and refrigerator business are operating in a challenging environment characterized by overall softness in consumer demand and inflationary pressures across key input costs.

However, we remain focused on expanding our customer base, increasing ODM participation, and strengthening our product portfolio. We believe the current demand is cyclical rather than structural and Dixon remains well positioned to benefit as industry volumes normalize. LED TVs demand in value and mid-range remains soft, impacted by sharp input cost inflation driven primarily by global memory supply tightness. However, demand for large-screen televisions, that is 50 inches and above, and premium QLED and OLED models remained relatively healthy.

We have initiated local mini-LED production and plan to transition fully to an ODM model by Q3 of the current fiscal based on the customer demand and market feedback. We have also integrated low-cost mainboard support for lightweight operating systems, that is Coolita, AOSP, and Thundercloud, into our Q3 product portfolio.

Refrigerators:

Q2 also saw an uptick in commodity prices and elevated sea freight costs, which necessitated corresponding increase in selling prices, which further weighed on consumer demand and impacted near-term volume growth. Despite an industry-wide decline in direct cool segment, we sustained our volumes with portfolio enhancement and onboarding new brands. For a large brand now, we have started manufacturing side-by-side refrigerators and will start manufacturing multi-door French door refrigerators from next month.

To support future growth, we are expanding our current facility by almost 375,000 square feet, creating capacities for deep freezers, visi coolers, and two-door refrigerators. This expansion will enhance our value mix and establish a broader, more robust appliance platform over time.

Despite the near-term softness, we remain positive on medium to long-term growth prospects of category supported by low household penetration, premiumization, and increasing customer demand.

Rexxam Dixon Electronics, our 40-60% AC, PCB joint venture with Rexxam continues its strong growth trajectory, characterized by robust cash flow generation and an industry-leading ROCE profile. Our new facility in Chennai started commercial production on August 26th with expanded capacities to meet increased demand for our end customers. We are in active discussions to onboard couple of large brands.

Hearables and Wearables, our 50-50 joint venture with Imagine Marketing, boat, continues to deliver a strong financial performance supported by broad-based revenue growth, healthy cash flow generation, and lean balance sheet. Building on this momentum, the JV has also started manufacturing dashcams, smartwatches, power banks, headphones, and exploring other electronic categories. This diversification will improve our capacity utilization and unlock operating leverage.

With that, I will conclude my remarks, and we are both happy to take any questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Sir, first question is on the mobile side. So, if you can share the volume for the current quarter and how to think about the outlook for the second half given the weakness in the consumer demand, would you still maintain, or if you can give some color for the second half?

And second is on the export side. I mean, if you also can break it up into what is exports in Quarter 2 and where do you see the outlook for maybe next year?

Atul Lall: So, in Q2, we have done approximately 9.7 billion. So total in H1, that is Q1 and Q2 combined, up to September, we have done approximately 17.2 million. And with the outlook for H2, we feel we should be somewhere around 33-34 million. And in this, I am not including the Vivo quantities. That is how it looks.

So our anchor customer, that is Motorola, through the MPMS scheme, we are going to be expanding our exports **(Inaudible) 20:41** of this fiscal. And as I mentioned in the opening remarks, for Transsion, we will start exporting the feature phones from next fiscal.

So the market has shrunk, but our volumes are going to be in the range of around 34 million in the current fiscal. That is how it looks.

Siddhartha Bera: On the Vivo side, I mean, with the plant starting now in Quarter 4, what do you think we should aspire for the next year and how should the volumes ramp up there?

Atul Lall: So, the integration process is on. We target to start production from Q4 of the current fiscal. Vivo has almost 20-22% share, so their total volume is around 30 million. We feel that in the JV we should be doing around 20-21 million. That is what the number looks like.

Siddhartha Bera: And lastly, sir, on the customers addition side, do you see with this MPMS scheme now in place, will there be more potential to add more customers in the coming years? And where do you see the total exports for us sort of trending in the next few years?

Atul Lall: So, one can see a traction from our anchor customer. The outlook given is that we should be doing approximately 3.5 million units per quarter. So that is almost 14 million, and out of that, almost 6 to 7 million is going to be exports, if not more.

We have also acquired one Indian brand as our customer, which is doing extremely well. For that, the production has already started. We feel that for that customer, next year, we should be doing almost 8 to 10 million. So, these are new customer acquisitions which have already come on board.

So, there is a pressure in the market, but I think because of acquisition of our new customers and exports coming into play and our deep stickiness with our existing customers, we are going to grow significantly. And all the more with the integration of Vivo into the system, the numbers are going to be very good.

Siddhartha Bera: I will come back in the queue.

Moderator: Next question is from the line of Santhosh Seshadri from Avendus Spark. Please go ahead.

Santhosh Seshadri: My first question is on some of the new projects that you mentioned that you are working on. In your opening remarks, you mentioned that there are some projects that you are working beyond mobile phones.

And also in the previous calls, you spoke about investments into precision manufacturing and entry into industrial manufacturing and server opportunities. Can you put in perspective which of these segments will see major capital allocation and where do you see the management spending most of the bandwidth internally?

And also on the revenue front, how should we think about the revenue contribution from these segments? I actually don't want a number here, but directionally, like 5 years down the line, do you think any of these opportunities are large enough to overshadow the mobile segment? And yes, what are the steps that you are taking?

Atul Lall: So certain sectors, certain domains that we are pursuing very actively. The first one is the IT products category. If you see the numbers, from practically minuscule numbers in the current quarter, we have grown to almost 2,100 stores. We already have 4 out of top 5 global brands as our customers.

We are migrating from the present hybrid category wherein we had committed a CAPEX of INR 250 crores under IT PLI 2 to the global category wherein we are upping our CAPEX plans to INR 500 crores. This is because of the order book and also what we have foreseen. And this year itself we feel confident that we are going to be somewhere around INR 6,000 crores in this

business. We feel that in next couple of years, this is going to be almost INR 15,000 crore to INR 20,000 crore business for us.

Further, as I mentioned in my opening remarks, and that our joint venture with Inventec is going to get operationalized by Q3 end or Q4 of the current fiscal, and that is further going to add volumes. And we are attempting a foray both into general and AI servers. So, this is IT products, IT devices category.

In IT devices itself, we have diversified and expanded our product portfolio. We have got into tablets, where the business is already happening. We are already doing AIOs, and the line for desktops has been established, and the production is going to start from Q3.

Further in this, we are deepening manufacturing. So, the lines for SSD has already been set up. The trials by the customers of our SSD solutions have been operationalized. Display line in our new factory is set up, and the trials are going to happen by Q3. And further, the team is evaluating setting up footprint for mechanical enclosures. And also we are exploring power supply. So here we feel that it is going to be a large growth opportunity for us.

And the second large growth opportunity that we are pursuing is one in the precision engineering side, and second in the deepened technology of optical solutions wherein we are looking at transceivers and we are looking at other optical solutions with advanced packaging. So in transceivers, we have already got into a JV with Gemtek of Taiwan. Initially, it is going to be lower gigahertz, but finally that is going to be for telecom net. But finally, in the JV, we are going to be upping the game for higher gigahertz for data centers.

So, optical transceivers, transducers is going to be another very high growth area in the company. So the huge focus is going to be on optical side, advanced packaging side, silicon photonic side. This is the growth area we are actively pursuing. So these two are very tangible things we are looking at. The team is working, and as I had mentioned in my opening remarks, also on high-margin, low-volume business. But that, to be very candid, is still at an early stage, but we are pursuing that.

So, these are the three areas. Otherwise, there are expansion plans across all the categories. I shared about mobile. I shared about expanding capacities and expanding product portfolio in our washing machine business. I shared about expanding our capacity from 1.4 million units to almost 3 million units in refrigerators, expanding the product portfolio from just direct cools. We have already launched mini bars. We have started manufacturing side-by-side. The infrastructure is getting in place for visi coolers, deep freezers, and frost-free.

So, this is all the growth path for Dixon. Please be rest assured the numbers will be good, will be very good.

Santhosh Seshadri: And just as a follow-up, can you elaborate on the precision manufacturing side? What is the capability that we are trying to build here? And is it something to drive a new vertical? Or does it augment the existing capability that we have in the mobile space?

Atul Lall: So it is in 2 tangents. One, definitely we are going to be pursuing the acquisition of precision engineering capability in the existing verticals, wherein I am referring to the mechanical enclosures for laptops. And possibly we are looking at the business case for the mechanical and there is a deep precision engineering for the smartphones. Further, we are looking at also some opportunities in the precision engineering space beyond the consumer space.

Moderator: Next question is from the line of Sameet Sinha from Macquarie. Please go ahead.

Sameet Sinha: A couple of questions from my side. So, Mr. Lall, you are talking about Motorola ramping up under the MPMS scheme. Looking to do more exports, especially next year. Can you talk about some of your other smartphone partners, how the conversation is going with them now that this additional incentive is available? Does the cost disability help promote the conversation of using India as an export base?

And secondly, when you mentioned cost pass-through, you mentioned the word initiatives along with that. So that made it a little more formal in my opinion. So, I would have assumed that cost pass-throughs are part of the business and probably part of the contract that you have with your customers. So, can you talk about what you meant by initiatives and how should we see the progression of this pass-through?

Atul Lall: So responding to the second part of your question first, in our EMS business, when I am talking about mobiles, when I am talking about laptops, IT products, when I am talking about hearables wearables, when I am talking about telecom equipment, it is an automatic pass-through. There is no time lag, nothing of that kind. It is an absolute EMS business.

But when we are looking at our appliances business, when I am looking at a refrigerator business, when we are looking at a washing machine business, there, there is some kind of a time lag. That is the nature of the contract. So, I hope I am making it clear.

So, I reiterate that in a complete EMS business, it is an automatic pass-through. Whatever is the cost, whatever is the volatility in the prices, that is an automatic pass-through. But in our ODM solutions, specifically when you are talking about lighting, refrigerators, and washing machines and a bit of our television business, in this, there is some lag. And so over a period of time, it takes some time for passing through that cost increase. That is the way it is.

As far as the export volumes are concerned, the contract with Motorola have been finalized, and the ramp-up has started. And the ramp-up is significant. They are committed to meet the requirements. Please appreciate the incremental requirement over baseline in MPMS is INR 5,000 crores every year.

Second, our business modalities and business model of starting the feature phone exports from Transsion Group to start with will happen from next fiscal. That has been finalized, and later we are going to start doing the smartphone as well.

So, presently, these are the 2 customers for which **(Inaudible) 33:28**. Apart from that, in the new customer acquisition, we have acquired a large Indian brand which is doing really well. So, that is where we are.

Sameet Sinha: One quick follow-up on the cost pass-through. I mean, these are smaller revenue contribution businesses. Can you tell us what the margin impact was because of cost pass-through not going through?

Atul Lall: So let's say in a washing machine business, which is traditionally 11% EBITDA margin, between 10.5% to 11%, the margins compressed to 8.6%.

Saurabh Gupta: 8.3.

Atul Lall: 8.3.

Saurabh Gupta: Yes, so basically, Sameet, if you look at the first 6 months' numbers, broadly 3% for washing machine business, and a similar number would be also there in our lighting business as well. So, that is a kind of impact because of the increase in commodity prices, especially the polymer prices in washing machine. Then also the fire freight cost and also the foreign exchange movement because it is an OEM business for us. So, that is the kind of impact that we are seeing. So yes, but we have been passing on that increase, but of course the cost has also been increasing. So, there is always a lag in that sense.

Sameet Sinha: Correct. Thank you very much.

Moderator: Next question is from the line of Sonali from Jefferies. Please go ahead.

Sonali: So, thank you for the opportunity and congratulations on a very strong sales number. Sir, my question is firstly on the sales number itself. As compared to the run rate of the last few quarters, there has been a significant year-on-year growth. Sir, could you articulate exactly from which segment, whether it is mobile, in mobile, which customer, or any other segment that this growth is coming on?

Saurabh Gupta: So, Sonali, basically if you look at the volume growth, so year-on-year the volume has been slightly marginally lower. The reason the growth in mobile revenues are there or IT hardware revenues is there is basically because the selling prices have gone up. Selling prices also largely has gone up because of the component prices and especially the memory prices. Memory prices have gone up significantly, and memory which used to be like a 12-13% bill of material of any smartphone is now significantly increased because the prices of memory have significantly gone up. So, our year-on-year increase in selling prices is almost closer to 35-40%.

Sonali: Very clear, Saurabh. The second question is with respect to the balance sheet. If I look at the September balance sheet numbers, receivables and payables have surged as compared to March '26. Any particular reason for the same?

Saurabh Gupta: Yes, so we are basically beneficiary of 2 PLIs now. One is the IT hardware, which is also shown good numbers in this quarter. So that number is also the PLI receivable for this particular year for the first 6 months, and also the PLI is pending for last year. Last year, so that shows that is in the receivable side for IT hardware. And then also the telecom side. And then we have some bit of PLI left for the mobile side as well. So yes, there is a receivable number and there is a correspondingly payable number also.

Sonali: My third question is again is on the memory situation. Probably this is more of a strategic or a global question. Now, I understand that the key customers or the OEMs will help you source the memory chips in most of the situations.

But how are you looking at the supply chain? I mean, are there any constraints in terms of procuring, or are they being able to comfortably procure the memory chips and also some other components like PCB, etc.?

Atul Lall: So, Sonali, on the supply chain side, I think we are in a good position. I am not seeing any impact on the production as such. So, cost undoubtedly have significantly increased, and we feel that they are going to be on a higher plane for time to come. But as far as the production and supply is concerned, we are fine.

Saurabh Gupta: Yes, so Sonali, there is absolutely no problem on the supply chain side. We are getting the memories. There is absolutely no issue on that. The question is about the pricing of the memories. And yes, if you look at the latest results of SK Hynix and their commentary and all, what they have mentioned, Samsung and all, they mentioned that this might continue for some more time.

Sonali: Very clear. And just the last question from my side.

Moderator: Sonali, I request you to join back the queue please, as we have participants waiting for their turn. Next question is from the line of Renu from IIFL. Please go ahead.

Renu: So, my first question is, we did highlight IT hardware as the next growth pillar after mobile and targeting nearly Rs. 15,000-20,000 crores of revenues in 2 years. So, if you can help us understand this Rs. 20,000 crores target, when we look, does it include a revenue contribution from the data center or conventional servers? And what kind of investments are we targeting to do under the global category within the PLI scheme for the IT hardware production? That is the first question.

Saurabh Gupta: So, Renu, one, as mentioned in sir's opening remarks, so one, we are looking now, we are upping our game on IT hardware because the order book looks very good. So we are upping, we are increasing the investment commitment from INR 250 crores, which was under the hybrid

category, to now a global category, which is now INR 500 crores. So, we are seeing significant traction from all our customers.

So, this INR 18,000-20,000 crore kind of a number that we feel confident about in the next couple of years would only come from the laptop and the tablet business and then something from the desktops and other kind of thing.

We are as of now not incorporating or not including any business which can happen from the servers. So, once JV with Inventec gets operationalized by Q4, then we will sit together on the server strategy. But yes, as of now, this is what we see that this kind of potential can come only from our existing business of laptops and tablets.

Atul Lall: So, Renu, see, we feel confident that we should be touching a number of almost 1.8 to 2 million units next year. The final plan is that we need to hit a number of 4 million in this category. That [00:40:07]. So, 4 million at today's run rate of 50 to 55K per unit is almost INR 20,000-22,000 crores, plus tablets, plus AIOs, plus desktops. Server is separate.

Saurabh Gupta: Yes, so basically, just to add, Renu, this year we are looking at a volume of closer to 1.3-1.4 million, which will translate into revenues of closer to INR 6,000-6,500 crores. So, assuming we are looking at a number of which is 3.5 to 4 million, you can just multiply and that is the kind of growth we are expecting there.

Renu: Sure, which is pretty interesting. And the second part of the portfolio is, while similar the telecom exports, we have strong ambitions from Semtech. So in your view, by when should we start commence the export part of the business under Semtech JV? And as an update, if you can share what has been after the HKC JV, should it be commercialized by 4th Quarter, or there could be further delays? And any change in the numbers or growth expectations in fiscal '28 from the mobile components, maybe both Q Tech and HKC, if you can share that.

Atul Lall: So, Renu, as far as the exports is concerned, that is from our telecom venture. And to start with, already the order book is there for the microwave radios. It will be focusing on the markets of U.S.

And also, as I had mentioned in my opening remarks we are upping again on the optical network side, on the optical transceiver side. A lot of work is happening there. To start with, the Gemtek JV, which we are trying to start the trials by Q4 of the current fiscal and commercial production next year, initially, it is going to be focused on the mobile telecom networks, and then we are going to be getting into the higher yields category for the data centers. But to start with, it is going to be focused on domestic market. So that is the way it is.

Renu: And exports would still take about a couple of years.

Atul Lall: Some time. But from the telecom venture, the exports is going to start. Now, as far as the HKC JV is concerned, the installation of the line for notebook and auto model is in process and it is

going to get over by November end. The trial is going to happen by December and the commercial production will start by Q4.

As far as the mobile is concerned, there was some delay, but now the equipment has been shipped down and we feel that the line installation will happen, and initially it is going to be for 20-25 million capacity, is going to happen by February of '27, and the trial should happen by March, and the commercial production should start early next year. That is the way it looks. What else was your question?

Renu: On Q Tech.

Atul Lall: On Q Tech, we have already expanded our capacity from 80 million to 120 million. Also, the capital investment has happened in deepening the manufacturing, which is going to be margin accretive. And now we have to ramp up the sales volume. That is the way we are. Finally, the ramp-up of capacity over 2 years has to be taken up to 180 to 190 million, which is as per the original plan.

Moderator: Next question is from the line of Vipraw Srivastava from PhillipCapital. Please go ahead.

Vipraw Srivastava: Sir, quickly, firstly on the Q Tech side. So, on the subsidiary financials, Q Tech's margin has declined by almost 450 bps in FY '26 compared to FY '25. And secondly, if you look at H1 FY '27 numbers for Q Tech, revenue has been flat Y-o-Y mostly. So, what gives the management conviction, first, that margins will revert back to 7% in FY '28? And secondly, there will be a volume ramp-up in FY '28?

Saurabh Gupta: Yes, so basically there are a couple of things. One, on this current year numbers, we feel that we are now in a significant expansion mode where we expanded the capacity from 80 million to 120 million. Of course, the overall smartphone market, as you know, it is kind of seeing a slowdown overall. So as a result, this is a component which goes into a smartphone which automatically gets impacted.

Last year their margins got impacted mainly because of the foreign exchange, where as part of their negotiated contracts or understandings, they didn't have a Forex pass-through, which we have now been able to get it done from the customers. So, one, we see that, one, the volumes will keep picking up for that. So, there is a lot of volumes we feel that will keep getting better.

Secondly, we are expanding, we are putting up CAPEXes for deepening of manufacturing, which will help us capture more manufacturing process here, more deepening of manufacturing here, which will help us in margin expansion. And on account of this capacity expansion also, we will start having the operating leverage.

So, please be rest assured on that. It is only a temporary kind of a blip. Ultimately, this business will generate a 6, 6.5, 7% kind of margins, as the operating leverage happens, and we are also an ECMS PLI beneficiary, we feel the margins will see an uptrend from there onwards.

Vipraw Srivastava: And the second question is on the working capital side. So in H1, we have seen a cash burn of INR 280 crores. I think it is primarily because of memory, but what are your views on that? Is it because of memory? So if the cycle extends beyond CY '28, will this be a trend, or you expect some reversion coming in?

Saurabh Gupta: We expect a significant reversal. So of course, you are absolutely right, we had kept certain strategic inventories of memory. This is also peak season for us. The working capital generally peaks up during before Quarter 2 because a lot of money gets blocked under debtors and inventory and all. So one is strategic inventory.

We had certain advances from our customers in March which subsequently got paid. Also the PLI money which is there for our IT hardware and the telecom business, which is there, which ultimately will come in, will get realized. So, we feel that out of this large part of money which is blocked at the money working capital, we feel that almost 80-85% of that will get released before March.

Moderator: Next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: So first question on the mobile side. So in overall scheme of things, you mentioned some customers, one Indian customer, some addition from Motorola. Is there any ramp down from any customers? So net-net, if we look at overall numbers, what should we pencil in for FY '28 organically and plus Vivo? So, that is first question.

And second with a change in dynamics in the Q Tech and HKC, as you highlighted just some time back, how should we think of revenue as well as profitability in first year of those two businesses?

Atul Lall: So, as far as the volumes are concerned, as we mentioned that in this year we should close somewhere between 33 to 34 million without Vivo. We feel that although the market is going to be under pressure, but there is going to be a decent growth in these numbers itself because of acquisition of new customer that is an Indian brand, and also the export ramping up for our anchor customer. So, that is the way it looks.

And with Vivo, I think it should be a decent number of somewhere between total number of 55 to 60 odd million. That is the way the numbers look.

On the display and the camera module side, Saurabh, can you just?

Saurabh Gupta: Display, as you mentioned, our automotive and our IT hardware lines have already been installed. Mobile lines will be installed by Q4. So as guided earlier also, we feel that these are high double-digit teen margin businesses for us which, of course, we expect the same to start generating those kind of numbers in next financial year.

Camera modules, I have already spoken on the, on my previous question. So, clearly both display and camera put together, we feel that over a period of next 2 years, we should be able to expand our margins by 80 to 100 bps. So, that is what we are targeting for.

Keyur Pandya: So just one follow-up. So you highlighted FY '28 volume organically in 50s, or so what total volume and X view? Just if you can just clarify that. And I was just checking for Q Tech and HKC revenue next year, or per unit economics, or ESP volume, whatever you can share, so that would be helpful.

Saurabh Gupta: So on mobile volume, again, there are 3 levers. One is, of course, this year volumes, you have broadly saying 33-34 million, which we feel that the export ramp-up will happen for 2 of our anchor customers. Of course, one anchor customer, it will start happening from Q4, but again, there will be a significant upside which will happen from next financial year. So we feel that export numbers this year, we are targeting somewhere between 3.5 to 4 million. We feel there will be a significant growth in those export numbers for next year. So that gets added to the 34 million.

Second is the Indian brand that we have just got added, so that can add another 6 to 8 million kind of numbers for us. And on top of it, Vivo can add another 18 to 20 million. So that is the potential of the kind of organic growth that we are looking or the growth that we are looking in mobile phone business.

Now as far as Q Tech is concerned, of course, you have to make budgets for next year, but broadly we should be in a kind of a number of almost somewhere between INR 2,500 crores to INR 3,000 odd crores. That is what we should be targeting for.

And as far as display is concerned, we will be putting up a CAPEX of almost closer to INR 1,000 odd crores. So the real potential for display business, once it is completely ramped up in next couple of years, it can generate revenues of closer to INR 6,000 crores to INR 7,000 crores. A large part of it, of course, will be captive. So assuming that next financial year, we will target to get at least 25-30% of that INR 7,000 crores.

Moderator: Next question is from the line of Rahul Agarwal from Ikigai Asset. Please go ahead.

Rahul Agarwal: Sir, just a lot of questions got answered. Just one question on IT overall, the margin profile for this year, next year, once you scale up to Rs. 20,000 crores, how should that pan out? And similar question on telecom. How should the EBITDA margins pan out for telecom over the current year and next 2 years? If you just comment on that, please.

Saurabh Gupta: So, Rahul, the IT margins, of course, here also we have seen the increase in selling prices on account of memory, and we get a per-piece conversion chart. So the margin may not reflect the right picture right now, but I will give you the margins. The margins would be closer to 2-2.2 2.3% kind of numbers in IT hardware, which we feel that as we backwardly integrated more and more components, so as we backward integrate display, we plan to do SSDs, we plan to do

mechanicals there, and at some point of time we'll also look at power supplies. And if you look at the whole IT hardware PLI, the way it is structured is that the more you localize, the more incentive you get.

So there can be a very big margin expansion game, one of course on account of higher volumes every year, and second on account f this backward integration. So we feel that from here onwards, as you keep doing more backward integration and operating leverage on volumes, the margin expansion should keep happening. What was your second question, Rahul? Sorry.

Atul Lall: Telecom.

Saurabh Gupta: Telecom.

Atul Lall: In telecom also, Rahul, the margins in telecom, the margins are going to be slightly higher. They are going to be in the range of around 3 to 3.2%. That is the way it looks.

Rahul Agarwal: Just to clarify on this IT thing, so 2-2.5 is the current situation because of per unit margin, but if you do more backward integration like a base case assuming these components come through, what could be a peak margin here, let's say 2-3 year out?

Saurabh Gupta: So here also, Rahul, the idea is to backward integrate 25-30% of the bill of material. So yes, that can improve the margins by 80-100 bps there.

Moderator: We will take our next question from the line of Mehul Panjwani from 40 Cents. Please go ahead.

Mehul Panjwani: I am new to this organization. So, my basic question is, when I look at the expenses, they have shot up by 53% in this quarter. So, can you please throw some light on what has led to this significant rise in the consumables cost of materials?

Atul Lall: Please appreciate the revenues have also expanded by almost 47%.

Mehul Panjwani: Right, but if you see the Q1 versus Q2, I would say, I mean, by the looks of it, Q2 the prices of cost of materials have shot up in a significant way compared to Q1.

Saurabh Gupta: For both mobile and IT hardware, the selling prices, because of the memory cost increase, those prices have also gone up. So both, if you look at the expenses and income levels, it is actually broadly gone in the same [00:54:24]

Atul Lall: It is a linear kind of an equation. There is nothing untoward there.

Moderator: We will take our next question from the line of Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Sir, just wanted to get your sense firstly on the MPMS incentives. So, given that the eligibility criteria that eventually came in was a little bit more stricter than earlier expectation, and there is a baseline expectation of a 15% growth every year on the brand, so how are we looking at the

margin uptake from the MPMS, or what kind of incentives that we believe we can incur over the years under this?

Atul Lall: So, MPMS, we feel that we are the front runner who are an eligible EMS player for becoming the beneficiary under that scheme. Please appreciate that the MPMS is focused on the brand's performance, and our anchor relationships are confirming to us of their commitment to achieve the incremental sale to become manageable. This incremental sale is going to be generated from export largely, and also the anchor customers are committed to localize more and more on the camera module, display, and mechanical side to leverage the benefits of the MPML scheme. So, that is the way it looks.

Nirransh Jain: Sir, any quantifiable estimate of margin uptick we can expect from these MPMS incentives?

Atul Lall: That is slightly difficult at this stage. So let's see how it pans out. It is the start.

Saurabh Gupta: Yes, basically the largest drivers are two. One is that your operating leverage will kick in on account of higher volumes and also the benefit of localization. Thereby, if you are able to localize 25% of your components, in our case it is camera modules and display, then yes, there can be upside. But yes, so it will lead to more incremental volumes and operating leverage for us.

Moderator: Next question is from the line of Akshay Gattani from UBS. Please go ahead.

Akshay Gattani: Congratulations on good result despite the headwinds. My question is on Vivo JV. Can you help us understand the potential cross-log of capital investment required? And if you can also highlight the EBITDA per smartphone in this JV on ex-PLI basis, will it be similar to Dixon? And will this JV also source components from Dixon's own manufactured components?

Atul Lall: So the commercials for Vivo JV are still being finalized, but we estimate that the expected CAPEX is going to be somewhere around INR 300 crores to INR 350-odd crores. That is the way it looks. As far as the commercials are concerned, please wait for some time.

Akshay Gattani: And how would you expect Quarter 3 volumes panning out while you maintain your full year guidance? Q3 FY '27 volume guidance, any color on that, sir?

Atul Lall: So Quarter 3 being post-Diwali time, I think it is going to be somewhere in the range of around 7 to 7.5 million.

Saurabh Gupta: Yes, Quarter 3 broadly will go back to the Quarter 1 levels and Quarter 4 to Quarter 2 levels. That is how you should look at it. So we did 17 million, and we are expecting broadly a similar number in next 6 months. So yes, 7, 7.5 million in Quarter 3 and then it goes back to, say, 9.5, closer to similar volumes in what we did in Quarter 2. That is how we are looking at it.

Moderator: We will take our next question from Tanay Shah from DAM Capital. Please go ahead.

Tanay Shah: Sir, thank you so much for the opportunity, and most of my questions have been answered, but I just want to sort of understand a little better on what we spoke about earlier in terms of optical transceivers, in terms of advanced packaging and silicon photonics.

So, sir, are we saying we are actually going to build the packaging piece of the optical transceiver along with the assembly of it? Or what are we thinking about in this area? And maybe if you can just spend a couple of minutes on what we are thinking about this as a segment.

Atul Lall: So, please appreciate the biggest buoyancy today globally in electronics manufacturing is on NIA side, is on the data center side, and the whole technology is shifting towards the optical domain. And if you look at the performance of our various global peers, their margin profile, their growth is coming mainly from this domain.

So, what we are attempting to do is that bring this technology into India for servicing the global markets. So, one initiative of ours has already fructified into a joint venture with Gemtek of Taiwan.

Second, more alternatives we are pursuing to bring it into India. So, this is going to be, of course, the optical transceivers of higher frequency. You see, 800 GHz, 1.6, 1.8, 2.4, to get into that category. And further take it forward on to advanced packaging of ATMP and with deeper focus, because into the data center today, into the network today, the technology on silicon photonic side, that is what we are pursuing.

So then please appreciate, without being sound boastful, in Dixon we have been nimble enough to identify the opportunities in which there is a deep buoyancy, there is an alignment with the policy framework, and this is an extension of the core that we are into. It is an extension of our electronics manufacturing capabilities but much deeper technology. So that is what we are pursuing.

Keyur Pandya: Absolutely, sir, absolutely got that. Thank you so much for answering that. I will join back in the queue.

Moderator: Next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: I have a few questions. First, what would be the ASP of the Indian brand versus our current, let's say, 14,000-15,000 currently?

Second, what kind of CAPEX should we pencil in for FY '27 and FY '28?

And thirdly, would the advanced packaging or the transfer business be a similar ROCE as we have at the group level right now?

Atul Lall: So, responding to the question on CAPEX, we have entered a CAPEX of INR 700-odd crores in the 6 months.

Saurabh Gupta: INR 700-odd crores is what we have done in first 6 months, and we will likely to do closer to INR 500 crores. So we should close the year with INR 1,200 crores. Of course, one has to do the numbers for next year, but broadly that should be the run rate for next year financial year as well, somewhere between INR 1,200-1,300 odd crores.

Atul Lall: So, responding to the first part of question on difference in the ASP, the difference is between 25 to 30%. That is the difference.

Saurabh Gupta: Yes.

Atul Lall: In the USP, right? And the third is, yes, we feel that the ROCEs are going to be very high in what we are talking about in advanced packaging.

Saurabh Gupta: So, Indrajit, with this advanced packaging silicon photonic side, the margins are very high and the investments also are in such a way that the ROC profile will be closer to what we do currently.

Indrajit Agarwal: This is very helpful. Happy Diwali.

Moderator: Next question is from the line of Vayun Bandi from Bajaj Alternates. Please go ahead.

Vayun Bandi: I think most of my questions you answered. So, one question on the component strategy and capital allocation. You have guided a significant CAPEX of INR 1,000 crores and for the display segment next year and targeting a potential INR 7,000 crore revenue from that.

So, my question is on the working capital. From the blocked working capital which is expected to be released in March as the PLI receipts clear, will this internal cash generation be entirely sufficient to fund the display CAPEX, or do we need to take in temporary debt? And secondly, what is the exact commercialization timeline for the display facility next fiscal?

Atul Lall: So, please appreciate in the current fiscal, we will be investing almost INR 300-350 crores into the display project. And it is all happening through the internal accruals. Next year is going to be in the range of another 350 to 400.

Saurabh Gupta: So basically, INR 1,000 crores is what I mentioned Rs. 1,000 crores as total number. I didn't say next year. So basically between this year, next year, and next to next year, that is the kind of investments we are looking at for displays. And this year also we are meeting our CAPEX requirements from our internal accruals, and we feel confident that as the earnings visibility improves, even next year we should be completely meeting our CAPEX requirements from internal accruals and yet generating some free cash flows.

Moderator: We will take our next question from the line of Santhosh Seshadri from Avendus Spark. Please go ahead.

Santhosh Seshadri: Just want to touch base on the BOM cost increases. So, given that memory prices have increased, we are seeing price pass-through and it is contributing to top line growth. So, maybe down the line when there is a reversal in the memory prices, do we see any headwinds in the top line or is there any other factor that can support a higher pricing?

Atul Lall: So please appreciate, I mean, let's see how it pans out because final revenue is going to be a mix of product portfolio.

Saurabh Gupta: Yes.

Atul Lall: It is going to be what growth volumes you are getting. So that is the way it is.

Saurabh Gupta: So, revenue is a function of volume and revenue pricing. So yes, if tomorrow the pricing gets corrected and it becomes normalized, but your volume will continue to grow, which we have guided in our remarks some time back. What is the kind of growth we are looking in mobiles? What is the kind of growth you look in IT hardware, telecom? So, all of that is, so I don't think so we will ever have a situation where there is a revenue degrowth.

Moderator: Thank you. We will take our last question from the line of Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Sir, just wanted a clarification on the Gemtek JV as in like what kind of CAPEX and revenue we are looking at this. And also, will this be largely the business will be eligible for the ISM 2.0 that sir also briefly mentioned, in which we are looking for advanced packaging for the silicon photonics. So, just want some clarification on what kind of revenue and CAPEX targets we are looking under this JV.

Atul Lall: So, this is not a very CAPEX-intensive business. Initial investment is going to be somewhere between INR 50 crores to INR 60 crores. That is the first level of investment. And this is not a part of ISM. This is a part of ECMS in which we are already a beneficiary. Our application has been approved. Yes, as far as advanced packaging is concerned, it is eligible for ISM 2.0.

Nirransh Jain: So sir, this will be largely done under Gemtek or will it be a separate partnership?

Atul Lall: No, this is going to be separate.

Saurabh Gupta: Separate, separate. So Gemtek is separate, and this will be what we had just mentioned will be separate.

Moderator: Thank you. Ladies and gentlemen, I now hand the call over to management for closing comments. Over to you.

Atul Lall: So thank you so much for being with us and for this interface. And thanks always for all your suggestions. Thank you so much.

Saurabh Gupta: Thank you so much. And Happy Diwali to all of you.

Atul Lall: Happy Diwali to all of you.

Saurabh Gupta: Your family as well.

Moderator: Thank you, members of the management. On behalf of DAM Capital Advisors, that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.