Dixon Technologies

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Operator: Ladies and gentlemen, good day and welcome to the Dixon Technologies (India) Ltd. Q4 FY26 earnings 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tanay Shah from Dam Capital Advisors. Thank you, and over to you, sir.

Tanay Shah – Dam Capital Advisors: Thank you, Ikra. Good evening, everyone. Welcome to the Dixon Technologies (India) Ltd. Q4 and FY26 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 will open up the floor for Q&A. Thank you, and over to you, sir.

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

Management: Good evening, everybody.

Management: I would like to warmly welcome all our stakeholders to discuss our Q4 and 12-month performance for FY26 and the future growth outlook. The key highlights for the quarter are as below:

The revenues for the quarter ended March 31, 2026, were 10,520 crores. EBITDA, excluding exceptional gains for the quarter, was 418 crores. PAT, after minority interest and excluding exceptional gains for the quarter, was 192 crores.

The key highlights for the whole year are as follows: Revenues for the year ended March 31, 2026, were 48,893 crores against 38,880 crores in the same period last year, which is a growth of 26%. EBITDA, excluding exceptional gains for the year, was 1,887 crores against 1,528 crores in the same period, representating growth of 23%. PAT, after minority interest, excluding exceptional gains for the year, was 845 crores against 706 crores in the same period last year, which is a growth of 20%.

Starting March 2026, the global macroeconomic landscape has undergone a dramatic transformation, including rising Middle East tensions and concerns around a potential US-Iran escalation, leading to disruption across supply chains, freight, energy, forex, and commodity prices. Q4 revenues remained flat due to geopolitical concerns, softer consumer demand, inventory rationalization by brands, and elevated input costs, majorly impacting the smartphone and IT hardware segment.

Electronics industries continued to face inflationary pressure in key components such as memory chips and semiconductor-linked inputs, driven by AI-led demand and supply constraints, resulting in cautious procurement behavior from brands. Despite near-term headwinds, we continue to strengthen our customer partnerships and expand capacities across segments, while accelerating our backward integration and localization strategy. Our priorities remain clear: to sustain growth momentum, strengthen our competitive positioning, and continue to invest in talent and capability enhancement.

We will be expanding the capacities of camera modules in our subsidiary, Qutek, which is an MSIPS beneficiary for smartphones, from 70 million annually to around 180-190 million annually over the next 15-18 months, largely catering to our anchor customer smartphone volumes. This is in addition to deepening the level of manufacturing and capturing more value-added depth.

We have received PN3 and MSIPS approval for our 74:26 display module JV with HKC. Construction of our display facility is completed and installation of machinery is ongoing for mobiles, IT hardware products, and automotive displays. The response from various brands is very encouraging. The trials will start from the beginning of Q3 and mass production is to commence from the end of Q3 or beginning of Q4 this fiscal year.

We remain focused on strengthening capital efficiency and balance sheet quality, improved asset utilization, operating leverage, and disciplined capital allocation, supported by a healthy ROCE and ROE of 44.8% and 28.1% respectively. Overall working capital efficiency led to stronger cash flow generation and a working capital cycle of -8 days.

We remain focused on sustainable profitable growth while maintaining strong return ratios and balance sheet discipline. We remain confident in the long-term Indian EMS opportunity, supported by supply chain diversification, increased localization, supportive government policies, PLI-led scale expansion, and the ongoing creation of a strong multi-year growth runway for the industry.

Now I will share with you the business performance and insights in each of the segments. For the Mobile and other EMS businesses: Revenue for the quarter was 9,485 crores with an operating profit of 337 crores. The mobile industry has seen some headwinds from memory price inflation and demand moderation in the last 6 months. Over the past few weeks, supply-demand dynamics are becoming more balanced and we are beginning to see an improvement in customer ordering patterns. We expect higher double-digit growth quarter-on-quarter in smartphone volumes along with growth in selling prices of 12-15%. We strongly feel that the momentum will sustain for the balance part of the fiscal year.

We expect strong growth in volume for our existing US brand and a significant uptick in volumes for our subsidiary, ISmartu, on exports of largely feature phones and also smartphones, mainly for the Africa market starting from mid-Q2. We started manufacturing smartphones for HMD in Q1. Our 400,000 square foot facility for the 74:26 Longcheer JV for manufacturing smartphones and other electronic products is expected to start operations by Q3, which will meaningfully strengthen our execution capabilities. We have a robust order book for smartphones and are also in advanced discussions with them for adding other product categories into the JV. Construction of our 1 million square foot facility in Noida with higher capacities for our anchor customers is nearing completion, and we expect operations to commence by Q2 of this fiscal.

Telecom and networking products: The segment continued its strong growth trajectory on the back of expanding customer relationships and higher execution across key product categories, driven by increasing network infrastructure investments, including capturing emerging opportunities and growing localization of telecom equipment manufacturing. We have commenced manufacturing of highly complex telecom backhaul microwave radios and plan to initiate exports in this fiscal. We have commissioned a new manufacturing plant for capacity expansion and increased the warehousing area to support the growth trajectory. Our strategy in this vertical is to move up the value chain from pure EMS to design-led, solutions-centric partnerships. We have now entered into a joint design and manufacturing model with a key customer, enabling greater backward integration and localizing a higher share of the Bill of Materials. We expect this vertical to deliver high double-digit revenue growth in the current fiscal year.

IT hardware products: The segment delivered a healthy performance for the quarter under review and we expect 3x growth in revenues in the current fiscal against last year, with a huge uptick in order books from all customers. Our dedicated IT hardware products manufacturing unit in Chennai has successfully stabilized mass production of laptops and all-in-ones and has secured orders for desktops from one of our customers. The execution for this shall start in Q2 of this fiscal. We have also started manufacturing tablets in addition to laptops for our existing customer. Our new facility adjacent to our existing facility under our 60:40 JV with Inventec Taiwan is progressing well and is expected to go into mass production in Q3 of the current fiscal. In line with our backward integration plans, we will commence SSD manufacturing in Q2 and display modules with HKC from the end of Q3 or beginning of Q4. We are also exploring other critical components such as power supplies and mechanicals, which will enhance value addition and margins.

We are also in discussion with our JV partner to participate in the fast-growing server opportunity and to move from end-client IT hardware into data center and enterprise infrastructure hardware. This is supported by strong government policy tailwinds on server manufacturing and backward integration, including a clear push on localization and a tax holiday framework, which meaningfully improves the viability and return profiles of India-based server and component manufacturing. Taken together, these drivers give us strong visibility on robust growth in this vertical and the potential to make it a meaningful pillar for Dixon overall portfolio over the next few years.

Home appliances: Revenue for the quarter was 329 crores and operating profit was 31 crores. Semi-automatic washing machines continue to deliver robust growth. We have started manufacturing semi-auto washing machines in 16 kg and 18 kg capacities, which is a first across the industry. The fully automatic washing machine business is scaling well on the back of healthy demand and deeper engagements with key brands. We have a healthy order book in emerging categories such as robotic vacuum cleaners where we see strong potential for multi-year growth. We are also working deeply on the introduction of other appliances like dishwashers, microwaves, and kitchen chimneys, which would help us offer a complete home appliances portfolio.

This segment continues to demonstrate strong ODM capability across design support, testing, manufacturing, product customization, and value-added offerings. Increasing automation will enhance margins and improve customer stickiness. The addition of a new manufacturing facility in Tirupati will expand our capacities from 0.6 million units per annum by another 0.3 million units, including fully automatic front-loading washing machines, which will be launched by the end of Q2 this financial year. This makes us the first Indian company to launch this ODM solution.

Lighting: The JV with Signify continues to deliver strong revenue growth and we expect revenues to grow almost 2x in the current fiscal. Growth is being driven by strong operational synergies between Signify's technology leadership and Dixon's manufacturing at scale, leading to enhanced productivity, improved operational efficiency, and enhanced cost competitiveness with a major focus on automation and backward integration. Further building on our share in the B2B space for bulbs, battens, and downlighters, we are significantly increasing our volumes on other niche products like 2x2 panel lights, T-bulbs, and mirror lights, positioning us firmly as the foremost player in the lighting industry, which is witnessing consolidation at a rapid scale. Pursuing an active product mix improvement strategy, we are continuously adding premium indoor and professional lighting products and luminaires to our portfolio. We have received two export orders from one of the largest US chains and a European retail chain for strip lights, which will start getting executed in Q2, and we are also in discussion for other product categories.

Consumer electronics, including LED TVs and refrigerators: Revenue for the quarter under review was 697 crores with an operating profit of 40 crores. The quarter saw a temporary slowdown in industry demand due to geopolitical concerns and rising input costs, but we have actively procured advance orders from customers with better-priced offerings for the upcoming quarters. Our focus remains on large screen, smart connected, and premium models where we can differentiate through manufacturing quality, platform capabilities, cost efficiency, and technological upgradation. We have launched production of high-end Mini LED TVs and will be shifting this to an ODM model by Q2, while also introducing a soundbar series to enable our customers to tap into fast-growing premium segments.

Refrigerators: Q4 marked the transition to revised BEE norms and upgraded energy efficiency standards for compressors. This led to an industry-wide price increase just ahead of the peak summer demand season beginning in January. As a result, several brands focused on liquidating existing inventory with older BEE ratings and limited their procurement under the new norms. We continue to see traction with healthy orders and an improved visibility book in direct cool and mini bars of 50 and 100 liters. Our ODM capabilities are scaling well, allowing us to offer more differentiated value-added designs and faster model refreshes. To support future growth, we are expanding our current facility by another 375,000 square feet, which will also enable manufacturing of two-door refrigerators, deep freezers, visi coolers, and side-by-side refrigerators. This presents a meaningful opportunity to move up the value chain, expand wallet share with customers, and build a broader appliance platform over time.

Rexxam Dixon Electronics, a 60:40 JV with Rexxam Japan for AC PCBAs, continues to perform well, delivering healthy growth along with strong cash flow and a strong ROCE through a stable and long-term relationship with our anchor customer. We have also added a new facility in Chennai, strategically located closer to our anchor customer, which will expand our capacity and strengthen our position in wearables and hearables. This vertical, operated through our JV, Imagine Marketing, continues to see broad-based growth with a solid balance sheet and healthy cash flow generation. The business has scaled well with our existing product portfolio and has now entered the next phase of expansion by adding new product categories such as dash cams, power banks, smartwatches, and other adjacent accessories, which will improve capacity utilization and operating leverage across the JV's manufacturing footprint.

High-end specialty EMS business is a part of our next phase of transformational growth. We have partnered with a leading global management consulting firm to design a comprehensive multi-year strategic roadmap to build a scaled, specialty, high-margin EMS business, including M&A

opportunities focused on the aerospace, defense, automotive, medical, and industrial verticals. This initiative is focused on identifying the most attractive high-growth and high-value products in these segments, defining a differentiated technology and capability roadmap, and creating a robust execution framework spanning capital allocation, talent development, strategic partnerships, and market expansion with the aim to accelerate Dixon's evolution into a complete, competitive manufacturing platform.

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

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Pankaj Tibrewal from Ikigai Asset Manager. Please go ahead.

Pankaj Tibrewal – Ikigai Asset Manager: Good evening, Atul. Hope all is well at your end.

Management: All is well, Pankaj. How are you?

Pankaj Tibrewal – Ikigai Asset Manager: Very good, thank you. Thank you so much. Just quickly, two or three questions. First, congratulations on the great cash flow conversion. A preliminary look suggests that the cash flow has been very strong despite earnings being a little sluggish, so please continue doing that. In terms of FY27, I just wanted to get your sense on a few things. On the mobile side, can you give us some color on how we are looking at the ramp-up on volumes in FY27? What are the other areas of growth this year? We are targeting IT hardware, and I remember last time you spoke about 3,500 crores to 4,000 crores being possible in FY27. On the display JV and the camera module, can you take us through some of the growth drivers for this year? Also, regarding the Vivo JV, how should we think about that, and does the volume you mentioned include Vivo or exclude it? Just some color so we can understand the growth for FY27.

Management: Yes, sure, Pankaj. We have really focused on our balance sheet strength, and in spite of a sluggish business environment, we have generated free cash of over 700 crores after doing capex of almost 1,058 crores. The ROCE is 44.8% and the working capital operating cycle is -8 days. The balance sheet is very strong to trigger any kind of growth.

As far as the FY27 business plan growth numbers are concerned—and here I am talking about mobile without Vivo—we closed at almost 32 million units in the current fiscal. We feel that the overall volumes, without Vivo, are going to be almost similar because there is an overall decline due to an increase in memory prices and the ASP going up significantly. Regarding Vivo, we are deeply engaged with the government and feel that we are very close to it. We reiterate that we are very, very close to it.

Pankaj Tibrewal – Ikigai Asset Manager: And if Vivo comes, what could the volumes be?

Management: It depends on the timelines. On an annualized basis, it would be 67% of what Vivo sells. Last year, Vivo sold almost 35 million units, so another 20-22 million units can be added on an annualized basis.

Apart from that, on the feature phone side, there is a significant upside because we are going to start exports of feature phones under our subsidiary, ISmartu, to Africa. That number will take us up to almost 50 million units. Further, we are expecting PLI 2.0 for mobiles to be rolled out. We will see what the structure and format will be. We understand the focus is going to be more on global markets. If that happens, then I feel that beyond Vivo and ISmartu, another 4-5 million units can be added. That is the overall picture for the mobile portfolio.

In IT products, the business looks very healthy. We have created more capacity and have deep relationships with the top four global brands in the country. We feel our revenue in this fiscal will be more than 4,000 crores. In our camera module acquisition, Qutek, we are expanding capacity from the present 70-80 million to almost 190 million. Last year, we did revenue of 1,700 crores; we are targeting almost 2,500 crores in that business.

Regarding the display JV, the building is ready and machinery is being installed. We plan to start trials in Q3 of this fiscal and commercial production will start in Q4. I am not putting numbers to that for the current fiscal. Telecom is doing extremely well; we grew from 3,600 crores to 5,000 crores in the current fiscal and are targeting almost 7,500-8,000 crores in FY27. Lighting, which was a laggard at 800-850 crores, has a target of almost 1,700 crores next year following our JV with Signify. Our Inventec JV will start generating numbers from Q3, where we are setting up the SSD module line. These are all the growth triggers currently in execution mode, Pankaj.

Pankaj Tibrewal – Ikigai Asset Manager: Very nice. Just one last question. On the mobile side, is it fair to say that because memory chip pricing is going up and your product realization is increasing, the top-line growth could be much higher than the volume growth?

Management: That is right, Pankaj. We expect revenue growth to be at least 12-15% higher, if not more.

Pankaj Tibrewal – Ikigai Asset Manager: And that was not the case for the last few years where volume was equal to top-line growth?

Management: That is absolute. Once Vivo comes into the system, we are hoping those selling prices will be better than our existing weighted average selling price of the current portfolio.

Pankaj Tibrewal – Ikigai Asset Manager: Okay, so that will be added value from an overall realization perspective.

Management: From a revenue growth perspective, yes. The margins may optically look lower, but revenue-wise, there will be an upside.

Pankaj Tibrewal – Ikigai Asset Manager: Fair enough. Thank you and wish you all the best.

Management: Thank you.

Operator: Thank you. Next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia – Investec: Hi, good evening, sir.

Management: Hi, Aditya.

Aditya Bhartia – Investec: Sir, my first question is on the PLI scheme coming to an end on the mobile phone side. In conversations with customers, is it only the element that we were retaining that we will start losing in terms of profitability, or can there be any other hit from the PLI scheme going away?

Management: Aditya, we have five large relationships: Motorola, our relationship through Longcheer with Oppo, and others. These relationships are extremely strategic, deepened, and anchored. We expect volume growth and a larger share of business across all these relationships. There is obviously margin pressure because the PLI is going away. Part of this is being compensated through enhanced operational efficiency, and the balance will start kicking in with our backward integration of camera modules and displays. That is the path we are pursuing.

Aditya Bhartia – Investec: Understood. So what we earlier discussed—that 50-70 basis points of margin impact may be there—along with margins optically looking lower due to higher realizations, should be the complete impact?

Management: Yes, that is right, Aditya. You have captured it absolutely.

Aditya Bhartia – Investec: Perfect, sir. In the last conference call, you spoke about industrial EMS and referred to hiring a senior resource. This time you hinted at exploring opportunities within specialty EMS. Could you give us more details about opportunities in aerospace, defense, and automotive? How large could these be, and is it likely to be organic or inorganic?

Management: Aditya, we have already hired a very senior resource at the level of President and CEO to build this business. We partnered with a very large consulting company and identified five micro-verticals. The strategies are being prepared. We already have a couple of serious inorganic opportunities on the table across those verticals. We have not budgeted numbers for these in FY27 yet, but we feel something substantive will happen in the current fiscal.

Aditya Bhartia – Investec: Any indication on size?

Management: These are going to be higher-margin businesses. We feel the combined opportunities could be scalable to a size of 3,000 crores to 4,000 crores with significantly higher operating margins.

Aditya Bhartia – Investec: Understood. My last question is on exports of mobile phones. With ISmartu, we are starting with feature phones, but is there a roadmap for smartphone exports? Besides Motorola and ISmartu, which other potential customers may be added if the PLI 2.0 scheme incentivizes exports?

Management: Currently, Motorola exports are doing extremely well; this month they are going to touch almost 1 million units. We have had deep discussions with our partner and, starting with feature phones with ISmartu, smartphone exports will also be initiated. The Motorola relationship for exports will get a fillip after PLI 2.0. At present, these are the two relationships maturing into exports. Beyond that, as I mentioned, we have already received two orders for lighting from large retail chains in the US and Europe. In our telecom business, where we manufacture microwave radios, we have also secured an export breakthrough. Step-by-step, we are building this.

Aditya Bhartia – Investec: Is this part of your indication of doubling lighting revenues, or is this over and above that?

Management: To be very candid, we have not considered these numbers in our AOP. This will be over and above that.

Aditya Bhartia – Investec: Perfect, that is very helpful. Thank you so much.

Management: Thanks, Aditya.

Operator: Thank you. Please limit your questions to two per participant. The next question is from the line of Siddharth Vora from Nomura. Please go ahead.

Siddharth Vora – Nomura: Thanks for the opportunity. First, a clarification: when you said you expect 12-15% revenue growth for the current quarter, are we talking about volume or value?

Management: It is the volume growth we are talking about, Siddharth. Both pricing growth and volume growth will occur.

Siddharth Vora – Nomura: Understood. Second, how much were exports in FY26? When you say flat volume growth, that does not include the export of 4-5 million which will be on top of the number planned for next year?

Management: That is subject to the policy framework of Mobile PLI 2.0. In the last fiscal, exports were approximately 5,375 crores.

Siddharth Vora – Nomura: Any color on which markets we are looking at for these exports, and in the IT segment, have we seen an impact from memory prices? Do you see a risk of slower ramp-up there in the coming years?

Management: Siddharth, the export markets for mobiles are largely going to be the US for our anchor customer and African countries for other partner companies. Regarding the impact of cost increases in IT hardware, we have deep relationships. Our base was small, so we are confident of reaching the 4,000 crore revenue figure in the current fiscal. Our partnership with Inventec is in a significant ramp-up phase.

Operator: Thank you. We will take our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal – CLSA: Hi, thank you. Post-Vivo, you would have around 55-57 million smartphones. If we hit this run rate by FY28, that would imply more than a 50% market share of the outsourced market in India. How do we see smartphone volume growth after that?

Management: We feel there is significant potential for exports. Secondly, we need to work on getting a larger market share from existing brands. In a couple of relationships, we feel there is still potential for increasing our share of wallet. Finally, there is the possibility of adding one more large customer. The ramp-up Dixon has had in mobiles may not stay at the same level, but growth will be there.

Indrajit Agarwal – CLSA: So you can gain further market share in the domestic market as well?

Management: We will definitely strive for it.

Indrajit Agarwal – CLSA: Are near-term smartphone concerns more a demand issue because of rising ASP or the availability of memory chips?

Management: Due to our relationships, we are able to ensure supply chain smoothness. I am not seeing any shortage impacting the business, though there is a cost increase. There is no impact on production. These are large brands with global long-term contracts for memory. Supply availability is not an issue, Indrajit.

Indrajit Agarwal – CLSA: Thank you.

Operator: Thank you. Next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance Company Limited. Please go ahead.

Keyur Pandya – ICICI Prudential Life Insurance Company Limited: Thank you. Sir, regarding mobile volumes, you mentioned pricing impacting demand. Industry feedback suggests a shortage of phones below $200 and brands prioritizing premium phones. In that backdrop, what gives us confidence in flat volumes? Are we getting higher wallet share?

Management: In our case, we are pursuing a larger share of the customer's wallet through new product wins. With those wins, we are fairly confident we will sustain volumes.

Keyur Pandya – ICICI Prudential Life Insurance Company Limited: To clarify, since profitability is on a per-unit basis, absolute profitability remains intact even if percentage margins look lower?

Management: That is right, excluding PLI.

Keyur Pandya – ICICI Prudential Life Insurance Company Limited: Thanks a lot and all the best.

Operator: Thank you. Next question is from the line of Bharat Shah from BCS Capital Ideas Limited. Please go ahead.

Bharat Shah – BCS Capital Ideas Limited: Hello, Atul.

Management: Hello, Bharat.

Bharat Shah – BCS Capital Ideas Limited: Over a period of time, we have captured the mobile opportunity in a big way and grown. Do you think strategically we have allowed ourselves to depend too much on mobile? Anything unfortunate, like memory issues or JV delays, affects the overall picture. Have we taken our eyes off the ball strategically?

Management: Bharat, how do we strategize a business? We look at the opportunity pool, scalability, and de-risking through multiple customers and global markets. In the EMS sector, the biggest opportunity pool was and is mobile. It aligned with the government policy framework, which I think we have leveraged well. There have been some aberrations and delays, particularly regarding the Vivo approval. We have successfully deployed this similar business model across other categories like telecom, where we grew from 700 crores to 3,600 crores and then 5,000 crores, targeting 8,000 crores this year. We are doing the same with IT products. I humbly admit we possibly missed out on the high-margin industrial EMS category, and I should have tried that 2 years ago.

Bharat Shah – BCS Capital Ideas Limited: So, considering all initiatives, what kind of turnover and margins should we expect for the current year compared to the 48,000 crores achieved?

Management: Bharat, I usually do not give guidance, but without the Vivo numbers, we are targeting almost 56,000 crores next year, with mobile volume being flat. If Vivo comes in, it is a major trigger. Without Vivo, we feel the company will keep growing at 15-17%.

Bharat Shah – BCS Capital Ideas Limited: And regarding margins?

Management: Margin profiles will be slightly under pressure this year because the PLI has expired and there is a lag in margin accretion from the component foray. However, when the component play is completely deployed, there will be a margin expansion of almost 40-50 basis points from last year's number.

Bharat Shah – BCS Capital Ideas Limited: So absolute profitability for the company will rise?

Management: Yes, absolute profitability will rise. Once the component play comes in, there will be significant margin expansion, largely in FY28. Camera modules will contribute in H2, but the display part—the larger part of our backward integration—will play out in FY28.

Bharat Shah – BCS Capital Ideas Limited: Manufacturing for automotive and defense offers multiple opportunities. If we widen our horizon, the opportunity pool can widen materially.

Management: We are absolutely aligned with you. There are significant adjacencies, such as the positive traction we are getting from the automotive industry for displays. Our foray into industrial EMS will be a reality.

Bharat Shah – BCS Capital Ideas Limited: Thank you, Atul. All the best. Thank you, Saurabh.

Management: Thank you, sir.

Operator: Thank you. Next question is from Achal Lohade from Nuwama Institutional Equities. Please go ahead.

Achal Lohade – Nuwama Institutional Equities: Good evening, sir. Did the 32 million units include the exports of 5.5 million?

Management: That number for FY26 included smartphones and smartphone exports.

Achal Lohade – Nuwama Institutional Equities: When you are guiding for flat volume, is that on a total basis or just domestic?

Management: Export volumes can be over and above that domestic figure.

Achal Lohade – Nuwama Institutional Equities: What was the quantum for exports in FY26?

Management: Around 4 million to 4.5 million units.

Achal Lohade – Nuwama Institutional Equities: What was the gross and net PLI income booked for FY26, and how much is outstanding as of March 31, 2026?

Management: Across four PLI schemes, the total income booked is around 360 crores. The total receivable balance is closer to 1,380 crores. 360 crores is the gross amount; after the pass-through, the difference is the net number.

Operator: Thank you. Next question is from the line of Ashutosh Kumar Jha from Balanced Asset Management. Please go ahead.

Ashutosh Kumar Jha – Balanced Asset Management: Hi, Atul and Saurabh. On the mobile and EMS division, can you break out the wearables, hearables, telecom, and IT hardware parts?

Management: We do not split those numbers, if you don't mind.

Ashutosh Kumar Jha – Balanced Asset Management: No worries. On ASP increases, how does it exactly impact revenue and EBITDA? Does EBITDA per unit remain the same?

Management: Revenue is a function of the Bill of Materials plus our conversion charge. If the Bill of Materials goes up due to memory prices, revenue increases. We receive an EBITDA per unit based on the complexity of the smartphone models. If revenue goes up, the margin can optically look lower, but we get a per-unit conversion charge.

Operator: Thank you. Next question is from the line of Santosh Seshadri from Avendus Spark. Please go ahead.

Santosh Seshadri – Avendus Spark: Good evening, sir. Based on FY26 volumes, the run rate for Q4 implies approximately 5 million units. If we factor in 12–15% sequential growth, we arrive at roughly 12–13 million units for the first half and 20 million for the second half. Is this driven by a sharp recovery, customer ramps, or market share gains?

Management: First, Q4 numbers were closer to 5.6 million units. We expect higher double-digit growth in terms of volumes. Combined with 12–15% pricing growth, there will be significant growth in mobile revenues. Q2 is generally our best quarter, and exports will start from Q2. Excluding Vivo, we are confident in similar volumes, with exports adding more, and Vivo adding a proportional impact whenever approval arrives.

Santosh Seshadri – Avendus Spark: Could you provide more color on the display business ramp-up and margins for FY27 and FY28?

Management: In phase one, we are setting up a capacity for 24 million mobile displays and 2.4 million automotive and IT product displays. The first line being installed is for IT and automotive displays, with trials in Q3 and commercial production in Q4. For mobile displays, production starts in Q4. Capacity for mobile will build up to 50-55 million over 2 years. Once we achieve 80-90% utilization, we target revenue of almost 5,500 crores to 6,000 crores with mid-teen double-digit margins.

Operator: Thank you. Next question is from Keshav Lahoti from HDFC Securities. Please go ahead.

Keshav Lahoti – HDFC Securities: Good evening, sir. Once the display business ramps up, is it fair to assume margins in the mid-to-high teens?

Management: Yes, we feel it should be a double-digit margin in the mid-teens. Your understanding is right.

Keshav Lahoti – HDFC Securities: Thank you.

Operator: Thank you. Next question is from the line of Rahul Agarwal from Ikigai Asset Manager. Please go ahead.

Rahul Agarwal – Ikigai Asset Manager: Good evening, Atul and Saurabh. Regarding FY27 capex, how does the budget look, and which segments take the largest share? Also, what is the impact of input cost inflation and INR vs. USD fluctuations?

Management: Capex in our existing business has been front-ended. The allocation is largely for display capacity, IT business expansion, and camera module capacity. The absolute number will be in the same range, and cash accruals are adequate. Regarding commodity prices and currency, in our EMS business, it is an absolute pass-through with no time lag. In our ODM business (appliances and lighting), we pass costs to the customer. There can occasionally be a lag of a couple of months, but we are largely able to pass it on.

Operator: Thank you. Next question is from Saumil Mehta from Kotak KMC. Please go ahead.

Saumil Mehta – Kotak KMC: Is the industrial EMS opportunity as large as IT hardware, and will it have better margins without dependency on government PLIs?

Management: IT hardware can be a bigger revenue opportunity, but margin profiles in specialty EMS will be much higher, and there is no PLI there.

Saumil Mehta – Kotak KMC: Of the 360 crore net PLI booked, can you provide a break for the mobile and EMS division?

Management: That is closer to almost 250 crores.

Saumil Mehta – Kotak KMC: Is putting up a display fab unit a lower priority now compared to other businesses?

Management: That is right.

Operator: Thank you. Next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni – Goldman Sachs: You mentioned the server opportunity. At what stage are discussions, and what work might we get over the next 12-18 months?

Management: We are mapping the opportunity and dialogue with our partner has started. We feel the government policy framework for local server manufacturing will get a significant fillip. Contours are being worked out, but it is too early to share exact numbers.

Pulkit Patni – Goldman Sachs: Note 11 mentions 1,100 odd crores receivable from PLI and 730 odd crores payable. What is the status of the receivable and the payout to the customer?

Management: Under the PLI guidelines, budget was allocated for domestic and foreign companies. If some applicants underperform, the incentive can be given to overperforming companies—Dixon in this case. We have received incentives up to the defined ceiling. The "overflow" money is still pending, and we are in discussions with the government. Since these cases also apply to foreign companies and vendors of large global brands, auditors felt it appropriate to include a note. We are pursuing it with the government.

Operator: Thank you. Ladies and gentlemen, that concludes our question and answer session. I would now like to hand the conference back to the management for closing comments.

Management: Thank you so much everyone for being with us this evening. Have a great day.

Operator: Thank you. On behalf of Dam Capital Advisors Limited, that concludes this conference. Thank you for joining us today. You may now disconnect your lines.