Tanay Shah – DAM Capital Advisors: Thank you. Good evening, everyone, and welcome to Dixon's Q2 FY27 earnings call. Today, we have with us the management team 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 for his opening remarks, after which we will open the floor for Q&A. Thank you, and over to you, sir.

Atul Lall – Vice Chairman & Managing Director: 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 – Director & Group CFO: Good evening, everybody.

Atul Lall – Vice Chairman & Managing Director: I would like to warmly welcome all our stakeholders to discuss our Q2 performance for FY27.

Key highlights for the quarter are as follows:

Revenue for the quarter ended September 30, 2026, was INR 21,806 crores.

EBITDA, excluding the fair value gain on the stake held by Dixon in Aditya Infotech Limited for the quarter, was 609 crores.

PAT, after minority interest and excluding the fair value gain on the stake held by Dixon in Aditya Infotech Limited for the quarter, was 293 crores.

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

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

Profitability in washing machines and refrigerators was temporarily affected by fluctuations in polymer prices, rising freight costs and transit times, unfavorable foreign exchange movements, and higher costs 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 costs. However, with the continued increase in prices, there is always a lag in passing on 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 manufacturing, adding new customers, and strengthening India's growing position in the global electronics manufacturing

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ecosystem.

Our strategic foray into display modules, camera modules, mechanicals, and other critical components represents a significant step in Dixon's evolution from a scaled electronics manufacturing services player to a 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, deepen customer engagement, and progressively unlock opportunities for margin expansion, thereby strengthening Dixon's competitive moat for sustainable growth.

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

One of the strategic areas being actively pursued is the manufacturing of silicon photonics optical transceivers and advanced packaging capabilities to capture the rapidly growing AI infrastructure, hyperscale data center, telecom, and high-speed computing technology opportunities 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 Indian companies to establish capabilities in these segments through strategic acquisitions or partnerships. The initiative would accelerate our movement up the technology value chain, expand our presence in high-end manufacturing, and position us to capture emerging opportunities in next-generation electronics. This is also aligned with the government policy framework of ISM 2.

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

Mobile and Other EMS Businesses:

Revenue for the quarter was 20,093 crores, with an operating profit of 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 relationships with leading global and Indian customers. Despite a challenging industry environment, with India's smartphone market declining by 26% year-on-year in Q2 FY27 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 volumes for our anchor customer are 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 year. Together, these opportunities will drive significant incremental volumes in the next fiscal year, improving capacity utilization and operating leverage and strengthening Dixon's growth trajectory.

MPMS, that is, the 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, drive incremental

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volumes, strengthen our 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 our 1 million square feet facility in Noida, with higher capacities, has almost been completed, and we expect operations to commence from Q3 of this fiscal year. The Longcheer JV is expected to commence operations in Q3 of the current financial year. We are also exploring opportunities to expand the partnership beyond mobile phones into adjacent product categories, creating avenues for business diversification and incremental growth.

QTech, our 51% subsidiary and an EMS and ECMS beneficiary, operates the largest camera manufacturing plant in India. We have already expanded our capacities from 80 million to 120 million units annually, along with deepened manufacturing, which is margin accretive, and will further expand its capacity to 180-190 million units annually by the next fiscal year. 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 in the next fiscal year.

Telecom and Networking Products:

Revenue for the quarter was 1,837 crores. This segment has been scaled meaningfully, supported by expanded customer relationships, a 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 a large global brand has scaled up successfully, and we also expect to export the same during the current fiscal year. Additionally, we will be adding complex optical platforms and industrial radio products to our portfolio starting next fiscal year.

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, or ONTs, and optical line terminals, or OLTs. We are also 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 discussions with a tier-1 network equipment OEM to manufacture aggregation routers for India. These are critical for 4G to 5G networks connecting cell sites and mobile towers to the core network. Successful execution will 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, or small form-factor pluggable SFPs, and bidirectional optical sub-assemblies, or BOSAs, under an approved Electronics Component Manufacturing Scheme application. This JV positions us to capture a share of the growing demand in the telecom and data center segments and is expected to commence operations in Q4 of this fiscal year. Our anchor role in the 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.

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IT Hardware Products:

Revenue for the quarter was 2,160 crores. Dixon's IT hardware vertical is witnessing very significant growth, driven by increasing volumes and deepening customer engagement, leading to a strong order pipeline, with further expansion of the product portfolio into high-end gaming laptops for a global brand. Beyond laptops and all-in-ones at our Chennai facility, we have installed capacities for desktops, with production starting in Q3 of this fiscal year. We have received a large order for tablets from one of our existing customers under the Uttar Pradesh government scheme at our Noida facility.

Our new manufacturing facility adjacent to our current facility in Chennai for our 60:40 joint venture with Inventec, a corporation from Taiwan and one of the world's top five PC ODMs, is expected to start trials in Q3 of the current fiscal year. The order book in this category from all our customers looks very healthy. As a result, we are now transitioning from the hybrid category, with an INR 250 crore capex commitment, to the global category, with an INR 500 crore capex requirement under IT PLI 2, with a correspondingly increasing revenue threshold and higher incentive payout.

Our focus is now moving beyond assembly toward increasing value addition through the manufacturing of SSDs, for which the line has been set up, and exploring opportunities in mechanicals and power supply. This will deepen localization and lead to margin improvement. With scale and a 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 586 crores, with an operating profit of 48 crores. For semi-automatic washing machines, volumes grew by 23.27% to 6.3 lakh units during the quarter and by 16% year-on-year to 10.9 lakh units for the first half year ended September 2026. For FATL, that is, fully automatic top-loading washing machines, volumes grew by 24% year-on-year to 1.3 lakh units during the quarter and by 23% year-on-year to 2.2 lakh units for the half year ended September 2026. The segment continues to deliver very strong growth, supported by capacity expansion, a broader product portfolio, and 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-automatic washing machines and fully automatic top-loading washing machines, the company is progressing toward the launch of fully automatic front-loading washing machines in Q3 of the current fiscal year in Tirupati. We are entering adjacent categories such as dishwashers and microwave ovens, which will be launched in Q4 of the current fiscal year, creating an 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 32% of the total market, we are well positioned to capitalize on the growing outsourcing opportunity, onboard new

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customers, and scale volumes across product categories, driving improved capacity utilization and long-term revenue and earnings growth.

Lighting:

The lighting industry has experienced a challenging operating environment, with subdued demand and pricing pressures. Despite these headwinds, Dixon's lighting business has demonstrated resilience and continues to pursue growth opportunities through portfolio expansion and customer additions. We are strengthening our presence in the indoor lighting segment by expanding our product portfolio and offering a wide range of design-led solutions. We continue to [cut off]

Management: Revamp the broad portfolio with multiple launches in slow to non-lighting categories. In the coming quarters, we will also focus on expanding the range of our outdoor lighting portfolio. We are further ramping up our SMT capacity with the new BE lines for self-ballasted lamps and increased customer requirements. We have commenced exports of strip lights to a large US retail chain and expect to secure additional orders across the broader lighting portfolio. We are also in discussions with a large German retailer. Going forward, the company will focus more on premiumization, with design-led and higher-value-added lighting solutions, while broadening its product offering and customer reach. This will strengthen Dixon's competitive position in the market.

Consumer Electronics, that is, LED TVs and Refrigerators:

Revenue for the quarter was 1,115 crores, with an operating profit of 40 crores. Our LED TV and refrigerator businesses 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 weakness is cyclical rather than structural, and Dixon remains well positioned to benefit as industry volumes normalize.

For LED TVs, demand in the value and mid-range segments remained 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 completely to an ODM model by Q3 of the current fiscal year. Based on customer demand and market feedback, we have also integrated low-cost mainboard support for lightweight operating systems, that is, Coolita OS and ThunderCloud, into our Q3 product portfolio.

For refrigerators, Q2 also saw an increase in commodity prices and elevated sea freight costs, which necessitated a corresponding increase in selling prices. This further weighed on consumer demand and impacted near-term volume growth. Despite an industry-wide decline in the direct-cool segment, we sustained our volumes through portfolio enhancement and onboarding new brands. For a large brand, we have now 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. The expansion will enhance our value mix and establish a broader, more robust appliance platform over time. Despite near-term softness, we

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

Rexxam Dixon Electro Mechanicals, our 40:60 ACPCB 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 in August 2026, with expanded capacities to meet the increased demand from our anchor customers. We are in active discussions to onboard a couple of large brands.

Hearables/Wearables: Our 50:50 joint venture with Imagine Marketing, boAt, continues to deliver strong financial performance, supported by broad-based revenue growth, healthy cash flow generation, and a lean balance sheet. Building on this momentum, the JV has also started manufacturing dash cams, smartwatches, power banks, and headphones, and is 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.

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 touch-tone 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.

We will take our first question from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera – Nomura: Hi, sir. Thanks for the opportunity, and congratulations on a good set of numbers. My first question is on the mobile side. If you can share the volume for the current quarter and how we should think about the outlook for the second half, given the weakness in consumer demand? Would you still maintain the guidance, or can you give us some color for the second half? My second question is on the export side. Can you also break it up into exports in Q2 and where you see the outlook for next year?

Management: [pause] In Q2, we did approximately 9.7 million. In total, in H1, that is, Q1 and Q2 combined up to September, we did approximately 17.2 million. For H2, we feel we should be somewhere around 33-34 million. In this, I am not including the Vivo quantities. That is how it looks.

Our anchor customer, Motorola, through their MBM scheme, wants to expand exports in this fiscal year. As I mentioned in the opening remarks, for Transsion, we will start exporting feature phones from the next fiscal year. The market has shrunk, but our volumes are going to be in the range of around 34 million in the current fiscal year. That is how it looks.

Siddhartha Bera – Nomura: Understood, sir. On the Vivo side, with the plants starting now in Q4, what do you think we should aspire for next year, and how should the volumes ramp up there?

Management: The integration process is ongoing. We target starting production from Q4 of the current fiscal year. Vivo has almost a 20-22% share. Their total volume is around 3 million. We feel that in the JV, we should be doing—sorry, 30 million—and we feel that in the JV, we should be doing

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around 20-21 million. That is what the number looks like.

Siddhartha Bera – Nomura: Understood, sir. Lastly, on the customer addition side, do you see that with this {? MPM is ?} scheme now in place, there will be more potential to add more customers in the coming years? Where do you see total exports for us trending in the next few years?

Management: One can see 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. Out of that, almost 6-7 million is going to be exports, if not more.

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

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

Siddhartha Bera – Nomura: Great, sir. Thanks a lot. I will come back in the queue.

Operator: Thank you. The next question is from the line of Santhosh Seshadri from Avendus Spark. Please go ahead.

Santhosh Seshadri – Avendus Spark: Hi, good evening. Congratulations [crosstalk]

Operator: Sorry to interrupt. Can you use your handset mode, please? Your audio is not clear.

Santhosh Seshadri – Avendus Spark: Is it okay now?

Operator: Please go ahead.

Santhosh Seshadri – Avendus Spark: Yes, sir. Good evening, and congratulations on a good set of numbers. My first question is on some of the new projects that you mentioned you are working on. In your opening remarks, you mentioned that there are some projects you are working on beyond mobile phones. In previous calls, you also spoke about investments in precision manufacturing and entry into industrial manufacturing and server opportunities.

Can you put this into perspective? Which of these segments will see major capital allocation, and where do you see the management spending most of its internal bandwidth? On the revenue front, how should we think about the revenue contribution from these segments? I do not want a number here, but directionally, five years down the line, do you think any of these opportunities are large enough to overshadow the mobile segment? What are the steps that we are taking?

Management: Certain sectors and domains that we are pursuing very actively include the IT products category as the first one. If you see the numbers, from practically minuscule numbers, in the current quarter we have grown to almost 2,100 crores. We already have four out of the top five global brands as our customers.

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We are migrating from the present hybrid category, wherein we have committed a capex of 250 crores under IT PLI 2, to the global category, wherein we are increasing our capex plans to 500 crores. This is because of the order book and also what we are foreseeing. We feel, and this year itself we feel confident, that we are going to be somewhere around 6,000 crores in this business. We feel that in the next couple of years, this is going to be almost a 15,000-20,000 crore business for us.

Further, as I mentioned in my opening remarks, our joint venture with Inventec is going to be operationalized by the end of Q3 or Q4 of the current fiscal year. That is further going to add volumes. We are attempting a foray into both general-purpose and AI servers.

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

Further, we are deepening manufacturing in this category. The lines for SSDs have already been set up. Customer trials of our SSD solutions have been operationalized. The display line in our new factory has been set up, and trials are going to happen by Q3. Further, the team is evaluating setting up a footprint for mechanical enclosures, and we are also exploring power supply.

We feel that this is going to be a large growth opportunity for us. The second large growth opportunity we are pursuing is in the precision engineering space, and the third is in deepened technology for optical solutions, wherein we are looking at transceivers and other optical solutions with advanced packaging.

In transceivers, we have already entered into a JV with Gemtek of Taiwan. Initially, it is going to be lower gigahertz, but ultimately it is going to be for telecom networks. Finally, in the JV, we are going to increase the capability to higher gigahertz for data centers. Optical transceivers and transducers are going to be another very high-growth area for the company.

The main focus is going to be on the optical side, the advanced packaging side, and the silicon photonics side. This is the growth area we are actively pursuing. These are two very tangible areas we are looking at. The team is working on them.

As I mentioned in my opening remarks, we are also pursuing a high-margin, low-volume business. To be very candid, that is still at an early stage, but we are pursuing it. These are the three areas.

Otherwise, there are expansion plans across all categories. I shared details about mobile. I shared details about expanding capacities and expanding the product portfolio in our washing machine business. I shared details about expanding our refrigerator capacity from 1.4 million units to almost 3 million units and expanding the product portfolio beyond direct-cool refrigerators.

We have already launched mini-bars. We have started manufacturing side-by-side refrigerators. The infrastructure is being put in place for visi coolers, deep freezers, and frost-free refrigerators. This is the growth path for Dixon. Please be rest assured that the numbers will be good, and will be very good.

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Santhosh Seshadri – Avendus Spark: Thank you, sir. As a follow-up, can you elaborate on the precision manufacturing side? What capability are we trying to build here? Is it something to drive a new vertical, or does it augment the existing capability that we have in the mobile space?

Management: It is in two directions. First, we are definitely going to pursue the acquisition of precision engineering capability in the existing vertical, wherein I am referring to mechanical enclosures for laptops and possibly [cut off]

Management: We are also looking at the business case for mechanicals, and this deep precision engineering for smartphones. Further, we are also looking at some opportunities in the precision engineering space beyond the consumer space.

Santhosh Seshadri – Avendus Spark: Thank you very much, sir. All the very best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Samit Sinha from Macquarie. Please go ahead.

Samit Sinha – Macquarie: Yes, thank you. I have a couple of questions. Mr. Lal, you were talking about Motorola ramping up under the MPMS scheme and looking to do more exports, especially next year. Can you talk about some of your other smartphone partners and how the conversation is going with them? Now that this additional incentive is available, does the cost viability help promote the conversation about using India as an export base?

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

Management: Responding to the second part of your question first, in our EMS business, when I am talking about mobiles, laptops, IT products, hearables, wearables, or 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, including our refrigerator business and washing machine business, there is some kind of time lag. That is the nature of the contracts.

I hope I am making it clear. I reiterate that in a complete EMS business, it is an automatic pass-through. Whatever the cost and whatever the volatility in prices, it is an automatic pass-through.

But in our ODM solutions, specifically when we are talking about lighting, refrigerators, washing machines, and a portion of the television business, there is some lag. Over a period of time, it takes some time to pass through that cost increase. That is the way it is.

As far as export volumes are concerned, the contracts with Motorola have been finalized and the ramp-up has started. The ramp-up is significant, and they are committed to meeting their

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requirements. Please appreciate that the incremental requirement over the baseline under MPMS is 5,000 crores every year.

Second, our business modalities and business models for starting feature phone exports from the Transsion Group to begin with will be implemented from the next fiscal year, and that has been finalized. Later, they are going to start doing smartphones as well.

At present, these are the two customers. Apart from that, through new customer acquisition, we have acquired a large Indian brand that is doing really well. That is where we are.

Samit Sinha – Macquarie: One quick follow-up on the cost pass-through. These are smaller revenue-contribution businesses. Can you tell us what the margin impact was because the cost pass-through did not go through?

Management: In our washing machine business, which traditionally has an EBITDA margin of 11%, between 10.5% and 11%, the margins compressed to 8.6%.

Management: 8.3%.

Management: 8.3%.

Management: Yes, so basically, Samit, if you look at the first six months' numbers, the impact was broadly 3% for the washing machine business, and a similar number would also be there in our lighting business. That is the kind of impact caused by the increase in commodity prices, especially polymer prices in washing machines. There was also the impact of higher freight costs and foreign exchange movements because it is an ODM business for us.

That is the kind of impact we have seen. We have been passing on that increase, but, of course, costs have also been increasing. There is always a lag in that sense.

Samit Sinha – Macquarie: Understood. Thank you very much.

Operator: Thank you. Ladies and gentlemen, kindly restrict yourself to two questions at a time. You may join the queue again for follow-up questions. The next question is from the line of Sonali from Jefferies. Please go ahead.

Sonali – Jefferies: Sir, thank you for the opportunity, and congratulations on a very strong sales number. My first question is on the sales number itself. Compared with the run rate of the last few quarters, there has been significant year-on-year growth. Could you articulate exactly which segment this growth is coming from, whether it is mobile, which customer, or any other segment?

Management: Sonali, basically, if you look at the volume growth, year-on-year the volume has been slightly lower. The reason that mobile revenues and IT hardware revenues have grown is basically that selling prices have gone up.

Selling prices have largely gone up because of component prices, especially memory prices. Memory prices have gone up significantly. Memory, which used to account for approximately 12-13% of the bill of materials of any smartphone, has now increased significantly because memory prices have gone up substantially. Our year-on-year increase in selling prices is almost closer to

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35-40%.

Sonali – Jefferies: Understood. Very clear, Saurabh. My second question is with respect to the balance sheet. If I look at the September balance sheet numbers, receivables and payables have surged compared with March 2026. Are there any particular reasons for this?

Management: We are basically beneficiaries of two PLIs now. One is IT hardware, which has also shown good numbers in this quarter. That number is also the PLI receivable for this particular year for the first six months, and the PLI for last year is also pending.

That is reflected on the receivables side for IT hardware, and there is also the telecom side. We also have some PLI remaining for the mobile side. There is a receivable number, and there is a corresponding payable number as well.

Sonali – Jefferies: Understood. My third question is again on the memory situation. This is probably more of a strategic or global question. I understand that the key customers, or the OEMs, will help you source memory chips in most situations. How are you looking at the supply chain? Are there any constraints in procuring them, or are they able to comfortably procure the memory chips and other components such as PCBs?

Management: Sonali, on the supply chain side, I think we are in a good [trails off] I am not seeing any impact on production as such. Cost has undoubtedly increased significantly, and we feel that prices are going to remain on a higher plane for some time to come. But as far as production and supply are concerned, we are fine.

Management: Sonali, there is absolutely no problem on the supply chain side. We are receiving the memory chips. There is absolutely no issue with that. The question is about memory pricing. If you look at the latest results of SK Hynix and its commentary, along with Samsung's commentary, they have mentioned that this might continue for some more time.

Sonali – Jefferies: Understood. Very clear. Just one last question [crosstalk]—

Operator: Sonali, I request you to rejoin the queue, please, as there are participants waiting for their turn. Thank you.

Sonali – Jefferies: Sure.

Operator: The next question is from the line of Renu from IIFL. Please go ahead.

Renu – IIFL: Hi, good evening, and congratulations to the team for the strong results. My first question is on IT hardware. We highlighted IT hardware as the next growth pillar after mobiles and are targeting nearly 15,000-20,000 crores of revenue in 2 years. Can you help us understand whether this 20,000 crore target includes revenue contribution from data centers or conventional servers? What kind of investments are we targeting under the global category within the PLI scheme for IT hardware production? That is the first question.

Management: Renu, as mentioned in the opening remarks, we are increasing our focus on IT hardware because the order book looks very good. We are increasing our investment commitment

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from 250 crores under the hybrid category to 500 crores under the global category. We are seeing significant traction from all our customers.

The 18,000–20,000 crore figure that we feel confident about in the next couple of years would come only from the laptop and tablet businesses, with some contribution from desktops and other products. As of now, we are not incorporating or including any business that could come from servers. Once the JV with Inventec is operationalized by Q4, we will sit together and work on the server strategy. As of now, we feel that this potential can come only from our existing business of laptops and tablets.

Management: Renu—

Renu – IIFL: Yes, sir.

Management: We feel confident that we should be reaching almost 1.8–2 million units next year. The final plan is that we need to reach 4 million units in this category. At 4 million units and today's run rate of 50,000–55,000 per unit, that is almost 20,000–22,000 crores, plus tablets, AIOs, and desktops. Servers are separate.

Management: Basically, to add to that, Renu, this year we are looking at a volume closer to 1.3–1.4 million units, which will translate into revenue closer to 6,000–6,500 crores. Assuming we are looking at 3.5–4 million units, you can multiply the numbers, and that is the kind of growth we are expecting here.

Renu – IIFL: That is very interesting. The second part of the portfolio is telecom exports. We have had strong ambitions from Gemtek. In your view, when should we commence the export part of the business under the Gemtek JV? As an update, what can you share regarding the HKC JV? Should it be commercialized by Q4, or could there be further delays? Also, if you can share any changes in the numbers or growth expectations in FY28 from the mobile components JVs, both QTech and HKC, that would be helpful. Thank you.

Management: As far as exports are concerned, they are from our telecom venture. To start with, the order book is already in place for microwave radios. It will focus on the US market. As I mentioned in my opening remarks, we are increasing our focus on the optical network side and the optical transceiver side. A lot of work is happening there.

To start with, the Gemtek JV, for which we are trying to start trials by Q4 of the current fiscal year and commercial production next year, will initially focus on the mobile telecom network. Then we will move into the higher-gigahertz category for data centers. To start with, it will focus on the domestic market. That is the way it is.

Renu – IIFL: Understood. Will exports still take about a couple of years?

Management: They will take some time. But exports from the telecom ventures are going to start.

As far as the HKC JV is concerned, installation of the line for notebook and automotive applications is in process. It is going to be completed by the end of November. Trials are going to happen in December, and commercial production should start by Q4.

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As far as mobile is concerned, there was some delay, but the equipment has now been shipped. We feel that line installation will happen, and initially the 20-25 million capacity is going to be installed by February 2027. Trials should happen by March, and commercial production should start early next year. That is how it looks. What else was your question? I—

Renu – IIFL: QTech.

Management: On QTech, we have already expanded our capacity from 80 million to 120 million. Capital investment has also taken place, along with deepening of manufacturing, which will be margin accretive. Now we have to ramp up the sales volume. That is where we are.

Ultimately, over 2 years, the capacity ramp-up has to reach 180-190 million units, in line with the original plan.

Renu – IIFL: Understood. Thank you, and best wishes to the team.

Operator: The next question is from the line of Vipul Shrivastava from PhillipCapital. Please go ahead.

Vipul Shrivastava – PhillipCapital: Hi, sir. Good evening. First, on the QTech side, in the subsidiary financials, QTech's margin declined by almost 450 bps in FY26 compared with FY25. Secondly, if you look at H1 FY27 numbers for QTech, revenue has been mostly flat year-on-year. What gives the management conviction, first, that margins will revert to 7% in FY28, and second, that there will be a volume ramp-up in FY28? Thank you.

Management: Basically, there are a couple of things. On the current year's numbers, we feel that we are now in a significant expansion mode. We are expanding capacity from 80 million to 120 million units. Of course, the overall smartphone market, as you know, is seeing a slowdown. As a result, this component, which goes into a smartphone, is automatically impacted.

Last year, margins were impacted mainly because of foreign exchange. As part of their negotiated contracts or understandings, there was no foreign exchange pass-through, which we have now been able to obtain from the customers. We see that volumes will keep picking up. Sec—There is a lot of volume [cut off]

Saurabh: On margins, we feel that they will keep getting better. Secondly, we are expanding and putting up capex for deepening manufacturing, which will help us capture more of the manufacturing process here. This deepening of manufacturing will help us achieve margin expansion. On account of this capacity expansion, we will also start having operating leverage.

Please be rest assured that this is only a temporary blip. Ultimately, this business will generate margins of 6%, 6.5%, and 7%. As operating leverage develops and we are also an ACMS PLI beneficiary, we feel margins will see an uptick from here onward.

Santhosh Seshadri – Avendus Spark: Sir, my second question is on the working capital side. In H1, we have seen a cash burn of 280 crores. I think it is primarily because of memory, but what are your views on that? If it is because of memory and the cycle extends beyond CY28, will this continue to be a trend, or do we expect some reversals?

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Saurabh: We expect significant reversals. You are absolutely right that we had maintained certain strategic inventories of memory. This is also our peak season. Working capital generally peaks before Q2 because a lot of money gets blocked in debtors and inventory.

One factor is strategic inventory. We also had certain advances from our customers in March, which were subsequently paid. In addition, there is PLI money for our IT hardware and telecom businesses, which will ultimately come in and be realized. We feel that of the large amount of money currently blocked in working capital, almost 80-85% will be released before March.

Santhosh Seshadri – Avendus Spark: Thank you, sir.

Operator: The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya – ICICI Prudential Life Insurance: Thank you, and congratulations on the good numbers. My first question is on the mobile side. In the overall scheme of things, you mentioned some customers, including one Indian customer and an addition from Motorola. Is there any ramp-down from any customers? Net-net, if we look at the overall numbers, what should we pencil in for FY28 organically, plus Vivo?

My second question is, with the change in dynamics in QTech and HKC, as you highlighted just now, how should we think about revenue as well as profitability in the first year of those two businesses? Thank you.

Management: [pause] As far as volumes are concerned, as we mentioned, in this year we should close somewhere between 33 million and 34 million without Vivo. Although the market is going to be under pressure, we feel there will be decent growth in these numbers because of the acquisition of a new Indian brand and the export ramp-up for our anchor customer. That is the way it looks.

With Vivo, I think it should be a decent number, somewhere between 55 million and 60 million in total. That is how the numbers look.

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

Saurabh: On displays, as we mentioned, our automotive and IT hardware lines have already been installed, and the mobile lines will be installed by Q4. As guided earlier, we feel that these are high-double-digit, or teen-margin, businesses for us. We expect them to start generating those kinds of numbers in the next financial year.

I have already spoken about camera modules in my previous answer. Clearly, for displays and cameras together, we feel that over the next 2 years we should be able to expand our margins by 80-100 bps. That is what we are targeting.

Keyur Pandya – ICICI Prudential Life Insurance: Sir, just one follow-up. You highlighted FY28 organic volume in the 50-million range. Could you clarify the total volume and the volume excluding Vivo? I was also checking for QTech and HKC revenue next year, or per-unit economics, ASP, volume, or whatever you can share. That would be helpful.

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Saurabh: [pause] On mobile volumes, there are again three levers. First, this year's volumes are broadly expected to be 33-34 million. We feel that the export ramp-up will happen for two of our anchor customers. For one anchor customer, it will start happening from Q4, but there will be significant upside from the next financial year.

This year, we are targeting export numbers of somewhere between 3.5 million and 4 million. We feel there will be significant growth in those export numbers next year, which will be added to the 34 million.

Second, the Indian brand that has just been added can add another 6-8 million units for us. On top of that, Vivo can add another 18-20 million units. That is the potential for the organic growth we are looking for in the mobile phone business.

As far as QTech is concerned, we have to prepare the budgets for next year, but broadly, we should be in the range of almost 2,500-3,000 crores. That is what we should be targeting.

As far as displays are concerned, we will be putting up capex of almost 1,000 crores. The real potential for the display business, once it is completely ramped up over the next couple of years, is revenue of approximately 6,000-7,000 crores. A large part of it will, of course, be captive. Assuming that next financial year we target at least 25-30% of that 7,000 crores, that is the opportunity.

Keyur Pandya – ICICI Prudential Life Insurance: Understood, sir. Thanks a lot, and all the best.

Saurabh: Thank you.

Operator: Thank you. The next question is from the line of Rahul Agarwal from InCred Asset. Please go ahead.

Rahul Agarwal – InCred Asset: Hi. Good evening, Mr. Lal and Saurabh. A lot of questions have been answered. I have just one question on IT overall. What will the margin profile look like for this year and next year, once you scale up to 20,000 crores? I have a similar question on telecom. How should the EBITDA margins develop for telecom over the current year and the next 2 years? Please comment on that. Thank you.

Saurabh: Rahul, on IT margins, we have also seen an increase in selling prices on account of memory. We receive a per-piece conversion charge, so the margin may not reflect the right picture at present, but I will give you the margin.

Margins will be closer to 2%, 2.2%, and 2.3% in IT hardware. We feel that as we backward-integrate more and more components, including displays, SSDs, mechanicals, and, at some point, power supplies, margins will improve.

If you look at the whole IT hardware PLI, it is structured so that the more you localize, the more incentive you receive. There can be a significant margin expansion opportunity, first, on account of higher volumes every year, and second, on account of this backward integration.

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We feel that from here onward, as we continue to undertake more backward integration and achieve operating leverage on those volumes, margin expansion should continue. What was your second question, Rahul? Sorry.

Management: Telecom.

Saurabh: Telecom.

Management: On telecom as well, Rahul, the margins are going to be slightly higher. They are going to be in the range of around 3%–3.2%. That is how it looks.

Rahul Agarwal – InCred Asset: Just to clarify on the IT point, are 2%–2.5% the current margins because of the per-unit margin? If you do more backward integration, assuming these components come through, what could be the peak margin in 2–3 years?

Saurabh: The idea here is to backward-integrate 25–30% of the bill of materials. That can improve margins by 80–100 bps.

Rahul Agarwal – InCred Asset: Thank you. Best of luck.

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

Mehul Panjwani – 40Cent: Hello, sir. Thank you very much for the opportunity. I am new to this organization. My basic question is that when I look at expenses, they have increased by 53% in this quarter. Can you please explain what has led to this significant rise in consumables and the cost of materials?

Management: [pause] Please appreciate that revenue has also expanded by almost 47%.

Mehul Panjwani – 40Cent: Right. But if you compare Q1 with Q2, it appears that in Q2, the cost of materials has increased significantly compared with Q1.

Saurabh: No. For both mobile and IT hardware, selling prices have also gone up because of the increase in memory costs. If you look at expenses and income levels, they have broadly moved at the same level.

Management: It is a linear kind of equation. There is nothing untoward there.

Mehul Panjwani – 40Cent: Thank you.

Operator: Thank you. We will take our next question from the line of Mayank Jain from BNP Paribas. Please go ahead.

Mayank Jain – BNP Paribas: Hi, sir. Thank you for the opportunity, and festive greetings. I wanted to get your sense, firstly, on the MPMIS incentives. Given that the eligibility criteria that eventually came in was somewhat stricter than earlier expectations, and there is a baseline expectation of 15% growth every year on the plant, how are we looking at the margin uptick from MPMIS? What kind of incentives do we believe we can receive over the years under this scheme?

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Management: [pause] We feel that we are among the front-running eligible EMS players to become beneficiaries under the MPMIS scheme. Please appreciate that MPMIS is focused on brand performance, and our anchor relationships are confirming their commitment to achieving incremental sales to become eligible.

This incremental sale is going to be generated largely from exports. The anchor customers are also committed to localizing more and more on the camera module, display, and mechanical sides to leverage the benefits of the MPMIS scheme. That is the way it looks.

Mayank Jain – BNP Paribas: Sir, is there any quantifiable estimate of the margin uptick we can expect from the MPMIS incentives?

Management: That is slightly difficult to assess at this stage. Let us see how it develops. It is just the beginning.

Saurabh: Basically, the larger driver is that operating leverage will take effect on account of higher volumes, along with the benefit of localization. If we are able to localize 25% of our components, in our case camera modules and displays, there can be upside. It will lead to incremental volumes and operating leverage for us.

Mayank Jain – BNP Paribas: Sure, sir. Secondly—

Operator: [cut off] I request you to rejoin the queue, please, as we have participants waiting for their turn. Thank you. The next question is from the line of Akshay Gathani from UBS. Please go ahead.

Akshay Gathani – UBS: Hi, sir. Congratulations on the good results despite the headwinds. My question is on the Vivo JV. Can you help us understand the potential gross block or capital investment required? Can you also highlight the EBITDA per smartphone in this JV on an ex-PLI basis? Will it be similar to Dixon? Will this JV also source components from Dixon's own manufactured components?

Management: [pause] The commercials for the Vivo JV are still being finalized. We estimate that the expected capex will be somewhere around 300-350 crores. That is how it looks. As far as the commercials are concerned, please wait for some time.

Akshay Gathani – UBS: Understood. That is very helpful. How do you expect Q3 volumes to develop while maintaining your full-year guidance? What is your Q3 FY27 volume guidance?

Management: [pause] As Q3 is after the Diwali period, I think it is going to be somewhere in the range of around 7-7.5 million.

Saurabh: Q3 will broadly return to Q1 levels, and Q4 will return to Q2 levels. That is how we should look at it. We did 17 million in H1, and we are expecting broadly a similar number in the next 6 months. So, 7-7.5 million in Q3, followed by approximately 9.5 million in Q4, close to the volumes we did in Q2. That is how we look at it.

Akshay Gathani – UBS: Understood, sir. Thank you.

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

Tanay Shah – DAM Capital: Yes, sir. Thank you very much for the opportunity. Most of my questions have been answered, but I want to understand a little better what we spoke about earlier in terms of optical transceivers, advanced packaging, and silicon photonics.

Are we saying that we are going to build the packaging component of the optical transceiver along with its assembly? What are we thinking about in this area? If you can spend a couple of minutes explaining what you are thinking about this segment, that would be helpful.

Management: [pause] Please appreciate that the biggest buoyancy today globally in electronics manufacturing is on the AI side and the data center side. The entire technology is shifting toward the optical domain. If you look at the performance of our various global peers, their margin profiles and growth are coming mainly from this domain.

What we are attempting to do is bring this technology into India to serve global markets. One of our initiatives has already fructified into our joint venture with Gemtek of Taiwan. We are pursuing more alternatives to bring this technology into India.

This will include optical transceivers of higher frequency. We are looking at 800 gigahertz, 1.6 [trails off]

Management: 1.8, 2.4 to enter that category and then take it further into advanced packaging for ATMP. We are also focusing more deeply on the silicon photonics side because, in data centers and networks today, that is where the technology is moving.

Please appreciate that, without sounding boastful, at Dixon we have been nimble enough to identify opportunities with deep buoyancy. There is alignment with the policy framework, and this is an extension of the core business we are in. It is an extension of our electronics manufacturing capabilities, but with much deeper technology. That is what we are pursuing.

Tanay Shah – DAM Capital: Absolutely, sir. Absolutely, understood. Thank you very much for answering that. I will join the queue again. Thank you, sir.

Operator: Thank you. The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal – CLSA: Hi, thank you for the opportunity. I have three questions. First, what would be the ASP of the Indian brand compared with our current ASP of, say, 14,000–15,000? Second, what kind of capex should we pencil in for FY27 and FY28? Third, would the advanced packaging or transceiver business have a ROCE similar to the current group-level ROCE?

Management: Responding to the question on capex, we have incurred a capex of 700 odd crores—

Management: 700, 100 odd crores is what we have done in the first 6 months, and we are likely to do closer to 500 crores. We should close the year with 1,200 crores. Of course, we have to work out the numbers for next year, but broadly, that should be the run rate for the next financial year as well,

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somewhere between 1,200 and 1,300 odd crores.

Management: Responding to the first part of the question on the difference in ASP, the difference is between 25% and 30%.

Management: Yes.

Management: In the USP, right? On the third point, we feel that ROCEs are going to be very high in the advanced packaging business.

Management: Indrajit, in advanced packaging and silicon photonics, margins are very high, and the investments are also structured in such a way that the ROCE profile will be closer to what we achieve currently.

Indrajit Agarwal – CLSA: This is helpful. Thank you very much, and Happy Diwali.

Operator: Thank you. The next question is from the line of {? Varun Bandi ?} from Bajaj Alternatives. Please go ahead.

Varun Bandi – Bajaj Alternatives: Hello, sir. Am I audible?

Operator: Yes, please go ahead.

Varun Bandi – Bajaj Alternatives: Yes. Thank you very much for taking my question, and congratulations on [inaudible] I think most of my questions have been answered. I have a quick question on the—

Operator: Sir, I am sorry, your volume is very low. Can you speak a little louder, please? Can you repeat the question?

Varun Bandi – Bajaj Alternatives: Hello, am I audible now?

Operator: Yes, please go ahead.

Varun Bandi – Bajaj Alternatives: Yes. One question is on the component strategy and capital allocation. You have guided significant capex of 1,000 crores for the display segment next year and are targeting potential revenue of 7,000 crores from that.

My question is on working capital. From the blocked working capital that is expected to be released in March as the PLI {? dues clear ?}, will this internal cash generation be entirely sufficient to fund the display capex, or will we need to take temporary debt? Secondly, what is the exact commercialization timeline for the display facility next fiscal year? Thank you.

Management: In the current fiscal year, we will be investing almost 300–350 crores into the display project. It is all happening through internal accruals. Next year, it will be in the range of another 350–400 crores.

Management: Basically, the 1,000 crores I mentioned is the total number. I did not say it was only for next year. Between this year, next year, and the following year, that is the kind of investment we are

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looking at for displays.

This year also, we are meeting our capex requirements through internal accruals. We feel confident that as earnings visibility improves, next year as well we should be able to completely meet our capex requirements through internal accruals while still generating some free cash flow.

Varun Bandi – Bajaj Alternatives: Thank you for clarifying. Thank you.

Operator: Thank you. We will take our next question from the line of Santosh Seshadri from Avendus Spark. Please go ahead.

Santosh Seshadri – Avendus Spark: Hi, sir. Thanks for the opportunity again. I want to touch base on the increase in BOM costs. Given that memory prices have increased, we are seeing price pass-through, and it is contributing to top-line growth. Down the line, when there is a reversal in memory prices, do we see any headwinds in the top line, or is there any other factor that can support higher pricing?

Management: Please appreciate that the final revenue is going to be a mix of the product portfolio and the growth in volumes we achieve. That is the way—

Management: Revenue is a function of volume and pricing. If pricing is corrected tomorrow and becomes normalized, but volumes continue to grow, as we guided in our remarks for mobiles, IT hardware, and telecom, that will support growth. I do not think we will ever have a situation where there is revenue degrowth.

Santosh Seshadri – Avendus Spark: Thank you.

Operator: Thank you. We will take our last question from the line of {? Niranj Jain ?} from BNP Paribas. Please go ahead.

Niranj Jain – BNP Paribas: Hi, sir. Thanks for the follow-up. I wanted a clarification on the Gemtek JV. What kind of capex and revenue are we looking at? Will this business largely be eligible under ISM 2.0, which you also briefly mentioned, where we are looking at advanced packaging for silicon photonics? I would like some clarification on the revenue and capex targets we are looking at under this JV.

Management: This is not a very capex-intensive business. The initial investment is going to be somewhere between 50 and 60 crores. That is the first level of investment. This is not part of ISM. It is part of ECMS, under which we are already a beneficiary. Our application has been approved.

As far as advanced packaging is concerned, it is eligible for ISM 2.

Niranj Jain – BNP Paribas: Understood. Will this largely be done under Gemtek, or will it be a separate partnership?

Management: No, this is going to be separate.

Management: Separate. Separate. Gemtek is separate, and what we just mentioned will be separate.

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Niranj Jain – BNP Paribas: Perfect. Thank you very much, sir. All the best.

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

Management: Thank you so much for being with us and for this interaction. Thank you also for all your suggestions, as always. Thank you so much.

Management: Thank you so much, and Happy Diwali to all of you and your families as well.

Operator: 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.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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