



The brand behind brands

Dixon Technologies (India) Limited

28th July, 2025

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

Dear Sir/Madam,

Sub: Transcript of the Q1 FY 26 Earnings Conference Call held on 22nd July, 2025

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Para A of Part A of Schedule III thereto, please find enclosed herewith the transcript of the Q1 FY 26 Earnings Conference Call of the Company held on **Tuesday, 22nd July, 2025.**

The said transcript has also been uploaded by the Company on its website and the same is available at <https://www.dixoninfo.com/financial-performance> .

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

Thanking You,

For DIXON TECHNOLOGIES (INDIA) LIMITED

Ashish Kumar
Chief Legal Counsel & Group Company Secretary

Encl: As above



"Dixon Technologies (India) Limited Q1 FY'26 Earnings Conference Call"

July 22, 2025



MANAGEMENT: **MR. ATUL LALL – VICE CHAIRMAN & MANAGING DIRECTOR, DIXON TECHNOLOGIES (INDIA) LIMITED**
MR. SAURABH GUPTA - CHIEF FINANCIAL OFFICER, DIXON TECHNOLOGIES (INDIA) LIMITED

MODERATOR: **Ms. BHoomika Nair - DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q1 FY'26 Dixon Technologies Earnings Conference Call hosted by DAM Capital Advisors Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited. Thank you, and over to you, ma'am.

Bhoomika Nair: Good Evening, Everyone, and a Warm Welcome to the Q1 FY'26 Earnings Call of Dixon Technologies.

We have the management today being represented by Mr. Atul Lall – Vice Chairman and Managing Director, and Mr. Saurabh Gupta – Chief Financial Officer.

At this point, I'll hand over the floor to “Mr. Lall for his Initial Remarks,” post which we'll open up the floor for “Q&A.” Thank you, and over to you, sir.

Atul Lall: Thanks, Bhoomika. Good evening, ladies and gentlemen. This is Atul Lall, and we also have on the call today our CFO – Saurabh Gupta. Thank you very much for joining the Earnings Call for the quarter-ended June 2025.

We have begun Financial Year '26 with robust all-round operational and financial performance. Our diversified portfolio, strong customer relationship, healthy order book, operational excellence and focus towards backward integration and creation of component ecosystem gives us confidence that we will continue our stellar track record of consistent performance and scale to new heights over the coming years.

To share with you the “Key Highlights for the Quarter”:

Consolidated revenues for the quarter ended June 30th, 2025, was INR12,838 crores against INR6,588 crores in the same period last year, growth of 95%.

Consolidated EBITDA for the quarter was INR484 crores against INR256 crores in the same period last year, with a growth of 89%.

The consolidated PAT for the quarter was INR280 crores against INR140 crores in the same period last year, which is a growth of 10%.

Guided by our underlying commitment to financial prudence, we continue to demonstrate high level of discipline in managing our working capital cycle, which stood at negative four days along with a strong balance sheet with a net debt of negative INR214 crores.

We continue to deliver consistent improvement in our return ratios with return on capital employed of 49.1% and return on equity of 33.9% as on June 30th, 2025. This reflects our strength of our business model and these ratios will continue to serve as fundamental benchmarks in assessing strategic investment opportunities and guiding capital allocation decisions and ensuring alignment with the long-term goal of generating sustainable value for our stakeholders.

We continue to make strategic investments to expand our manufacturing capacities, enhance our manufacturing capabilities and focus on deepening the component ecosystem, which would help us with resilience and future-ready business.

We will be filing our applications for display module, camera modules and precision components in the next week or so.

Now, I will share with you the “Business Performance and Insights of each of the Segments”:

Mobile Phones:

The revenue for the quarter from mobile business was INR11,663 crores, a growth of 125% year-on-year and operating profit of INR395 crores, which is a growth of 131%. Out of this, revenue for telecom IT hardware, hearables and wearables was INR1,410 crores, INR247 crores and INR175 crores, respectively.

We witnessed a strong momentum in the quarter with healthy volume growth across various smartphone brands. Order books for Q2 Financial Year ‘25, ‘26 looks even stronger. Ahead of the festive season we expect volume growth of at least 15% quarter-on-quarter.

Dixon remains the largest domestic manufacturer of mobile phones with high volume capability, best-in-class infrastructure. Construction of our 0.8 million square feet. mobile manufacturing campus is progressing well in Noida for our anchor customers with much higher capacity and is expected to be completed by March ‘26.

Approvals are expected for our 74:26 joint venture with Longcheer shortly and PN3 approval process for our 51.49 joint venture with Vivo is advancing well and also the application for our joint venture with HKC is advancing well.

We have signed a binding term sheet for 51% stake in Q Tech India for manufacture and supply of camera and fingerprint modules for the smartphones and we will be filing applications under the ECMS scheme shortly. Tentative agreements pertaining to the transaction are expected to be closed

in another couple of months, and we expect the financials to start consolidating from Q3 of the current financial year.

Construction of our facility for display modules in which we have a 74:26 JV with HKC for first phase underway for smartphones and notebooks with trials to be commenced from Q4 this fiscal and commencement of mass production by Q1 of next fiscal. We will be filing the application for this under the ECMS scheme also in the next seven to 10 days.

Consumer Electronics, that is LED TVs and Refrigerators:

Revenue for the quarter was INR672 crores with operating profit and margin of 40 crs and 6% respectively. Out of this, the revenue for refrigerator business was INR328 crores.

LED TV:

Q2 of this fiscal looks very promising, and we have a healthy order book ahead of the festive season. We have a strong interest from some new brands of our ODM solutions and almost 70% of our sales would be from ODM solutions in LED TVs.

We are actively working on increasing the capacities and enhancing capabilities for manufacturing for industrial, institutional and automotive displays.

Refrigerators:

Within one year of operation we have been able to capture around 10% of the Indian market in direct cool category and seeing the encouraging response from the brands, we are now expanding the capacity to 2 million from current 1.2 million at the existing facility in Greater Noida.

We are also now foraying into new products in cooling division like frost-free, side-by-side mini bars, deep freezers and visi coolers. The outlook for '25, '26 is very promising with healthy order book, and we are confident of achieving 50% growth this fiscal. With capacity expansion and new product categories, the business is expected to contribute meaningfully in the next couple of years.

Home Appliances:

Revenue for the quarter is INR313 crores, operating profit of INR36 crores with a growth of 13% year-on-year with an operating margin of 11.5%. Our construction for capacity expansion for FATL in Tirupati will be ready by August '25 to meet the increased order book for our customers.

Launch of semi-automatic washing machine in higher capacity categories of 16 and 18 Kg has already been done, and product will be launched by Q3 of the current fiscal.

We have also now partnered with Eureka Forbes for manufacturing of robotic vacuum cleaners, which diversify the product portfolio. We have already started working on project for front load washing machine and have appointed a very senior Korean expat to drive this project.

Lighting:

Revenue for the quarter was INR188 crores. Our 50-50 JV with Signify that is Philips brand will commence operations from the first week of August '25 and expected to realize operating efficiencies through synergies, the addition of new product lines, including premium indoor and professional lighting and potential export opportunities. We have got a first pilot order from one of the top retail chains in the U.S., which are expected to be executed in the current quarter and aim to scale up this opportunity to a sizable business in the upcoming quarters. We are continuing and focusing and investing in automation to further enhance operational excellence.

Telecom and Networking Products:

This segment witnessed a strong growth with revenues of INR1,410 crores which is more than 250% growth.

Home broadband penetration in India continues to grow at a very fast pace, and we have been continuously building up more capacities and enhancing our manufacturing capabilities for 5G FWA that's fixed wireless access devices for our anchor customers.

We also have a very strong order book from our anchor customers on IPTV set-top boxes.

In line with the backward integration strategy, we have already localized components, including moldings and adapters and now focus on other critical parts with the objective of strengthening supply chain resilience, improving cost structure and the core margin expansion.

We are in advanced stage of discussion for a JV for a critical component for telecom devices. We see the telecom segment as a multi-year growth opportunity, and we are actively working on non-CP products now, laptops, tablets and IT hardware products. Our dedicated IT hardware product manufacturing unit in Chennai has started mass production of laptops and AIOs for HP and ASUS.

The order book for Lenovo is picking up every month and expect a strong revenue growth in coming quarters. We are excited about the long-term opportunity for this segment.

Our 60:40 JV with Inventec one of the world's top 5 PC ODMs for manufacturing of notebook PC products, servers and desktop PCs is expected to be operational by Q1 of next fiscal.

We have signed a binding term sheet of 74:26 JV with Chongqing Yuhai for precision components for mechanicals and metal parts for existing customers for notebooks and further be extended to

smartphone and various other product categories. We will file for this category also our application under the ECMS scheme shortly.

We are also pursuing potential partnership for components like SSD, memory modules and power supply to leverage the IT hardware PLI scheme.

Wearables and Hearables:

Revenue for this segment was INR175 crores for the quarter with healthy operating margin and very good ROCE. We have a strong order book in this business. We have also now added dash cam and smart watches to our product portfolio with the existing customer, and we are also in discussion with new brands and increased focus on backward integration and localization.

At Rexxam Dixon Electronics:

The JV with Rexxam achieved highest quarterly revenue of INR144 crores with very healthy operating margin and high ROCE. We have finalized a new manufacturing location at Chennai for meeting the increased order book for our anchor customer, which is expected to become operational by Q4 of this fiscal.

I would like to stop here, and me and Saurabh are there to address any questions. Thank you so much.

Moderator:

We will now begin the question-and-answer session. The first question is from the line of Siddharth from Nuvama Capital. Please go ahead.

Siddharth:

Sir, first question is on this camera module JV. So, can you share some more thoughts about how should we think about the ramp-up here in terms of volume and market share, which they have, who are the key customers? And as and when they come with us in the JV, how should the ramp-up look over the next couple of years?

Atul Lall:

So, Q Tech is one of the five largest camera module manufacturers globally. They have a running factory in India. And already in India, they are supplying to all the major Android brands. That is Vivo, Oppo, Xiaomi, Motorola. They have a large market share there. Just to give you a thumb rule kind of a thing, in every mobile, there is almost 3.2 camera modules going in. So, the Indian market is around 450 million, 475 million camera modules. Last year, they did around 40-odd million camera modules. Dixon in-house consumption itself of camera modules is going to be almost in the next two years, reaching 180 - 190 million. So, we want to ramp it up to that level, plus whatever we can sell to the in-house consumption, in-house manufacturing of the various brands. So, that is the addressable market we are looking at. In last year, they have done a revenue of almost INR1,977 crores. We feel that over the next four, five years, this business is going to be somewhere around INR5,000 crores.

Siddharth: Got it, sir. And how do you see the investments here for both the initial investment of the 51% stake and subsequent investments going ahead? And similar for the Chongqing JV, any numbers there in terms of investments and revenue ramp-up you are looking at?

Atul Lall: So, there is some investment going into the purchase of shares from present owners. And this is almost around INR400-odd crores. Balance INR 150-odd crores is going to go for the CAPEX use into the company. And this is required for the capacity expansion of deepening of manufacturing of what we plan to do. So, this is the nature of transaction. And in Chongqing, the contours are still being worked out.

Saurabh Gupta: The numbers are yet to be worked out. It will be worked out in the next couple of months.

Atul Lall: But we feel the investment there, the total project cost is going to be INR 100 odd crores.

Siddharth: Okay. Okay. So, given these investments now for the year, how do you see the total CAPEX and investment spend for the company, if you can describe us broadly?

Atul Lall: Yes. So, you see in 1st Quarter, we have made a Capex of around INR287-odd crores and we feel another INR800 crores to INR900 crores is going to go into this.

Saurabh Gupta: Yes. So, combination of expansion, capacities and also Q Tech acquisition. I think so yes, by end of this year, we should be closing at a number of closer to anywhere between INR1,150 crores to INR1,200-odd crores total.

Siddharth: Got it, sir. Sir, lastly, on consumer electronics, we have seen a very sharp fall in the volumes or the revenues consistently. So, what is the outlook there? When do things start turning around? Or do you think it may take some time before we do see any meaningful improvements here?

Atul Lall: So, undoubtedly, in the 1st Quarter, we have had a significant miss on the television business, although the refrigerator business has done exceedingly well. In Q2, the order book looks good. We should be back to almost 800k in Q2 of this business. And 70% of this business is through the ODMs solutions.

Siddharth: Got it, sir. Thanks a lot.

Moderator: The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.

Darshil Pandya: Sir, my question was in similar lines with the earlier participant. I just wanted to understand the security surveillance system business. And how are we planning to cope up with the government's new targets of just installing in the trains and now the CBSC boards? What I have heard is that 80% - 85% of the business is all imported, and it is just assembled. So, wanted your clarity as to what we are doing in this business.

Atul Lall: So, we only have a minority stake of 6.5%. Please appreciate our CCTV business has been merged into Aditya Infotech, in which we have 6.5% stake. So, that is our limited interest in that business. And yes, it is going through a different route of public markets, which I think will be a significant value creator for Dixon. So, we are not running that any more.

Darshil Pandya: Okay. And as per your 2024 annual report, we have plans to scale this capacity from 12.25 million to 21-odd million. So, where are we standing today? I might need to understand?

Saurabh Gupta: In the CCTV business, as already explained, so last year, we did a transaction where we sold our 50% stake to our JV partner Aditya Infotech and as part of the transaction, we have taken 6.5% in their branded entity, and that entity is now an IPO. So, we are a minority shareholder. So, we are no more running that business.

Darshil Pandya: So, basically, this will be under the shareholding? Got it. Do we have also plans to run this separately or we want to be a kind of investors in Aditya Infotech?

Atul Lall: We are the minority partners of Aditya Infotech.

Darshil Pandya: Alright. Thank you. I will get back in the queue.

Moderator: The next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: My first question is on the Longcheer JV. Earlier, we were having just a contract with Longcheer, now we are going the JV route. Just wanted to understand the rationale for that and how volumes are likely to be shaping up versus what our initial expectations were? That is the first question. And a related question is on some of the JVs and arrangements that we are now having with Chinese companies, whether it's Longcheer or Vivo or Q Tech or HKC, if you could just kind of give us some indication about what the status of government approvals is? Are we seeing any challenges around that?

Atul Lall: In Longcheer, it is one of the largest ODMs globally in the space of mobile and certain other IoT products. We are having a 74:26 JV. Our information is that we will be getting PN3 approval very shortly. Now in the mobile space, they are a large player with a large customer base, and they are a large outsourcing partner of various global brands, which is even beyond Chinese brands. And this firms up our relationship and secures our business in also the post PLI scenario. Further, it helps us in deepening the manufacturing because they have a huge strength in the supply chain. And also, they are helping us in expanding the product portfolio beyond smartphones. Further, there is also a commitment of setting up a joint design center. So, for us, strategically, it is a very important move in becoming a much larger and much deeper player in this whole ecosystem. The second JV application under PN3 that we applied for is for a display module with HKC. HKC is one of the largest global fabs within top five. And in phase 1, we are setting up a unit with a capacity of 2 million displays per month, which is going to be for mobiles, which is going to be expanded to 4

million displays. Also, we are setting up a line for 1.8 million of notebook displays. And also, these lines are fungible for automotive displays, both for two wheelers and four wheelers. And we are looking at a business case for setting up a TV module display line. So, we are expecting to make a CAPEX over a period of time of almost \$130 million. The factory of 400,000 square feet is under construction. I think, in the next 45 days or so they will start handing over. In this, JV application is under approval. The PN3 is under approval. We are pursuing with the government. We feel that we should be able to get it in a couple of months. In any case, the execution of JV or execution of this project is not hinging on the PN3 approval. The project installation, the project implementation is carrying on parallelly. The third is a JV application under PN3 for acquisition of 51% of the manufacturing arm of Vivo, and that is also under evaluation. That is going well. We feel that we should be getting it again in the next 60 days or so. And post that, the consolidation and execution will start happening. Among the fresh applications for Q Tech, we do not need a PN3 because the unit was set up before the PN3 notification came. It is going to be something similar to our acquisition of Ismartu. In the case of Yuhai Chongqing, we are going to be filing a PN3 application. So, yes, once the binding term sheet has been signed and the teams are going to be working and we feel that we should be filing the PN3 application in the next 30 to 45 days.

Aditya Bhartia: Understood, sir. Understood. And just one last thing on lighting exports. If I heard you correctly, you spoke about some export order from one of the US retail companies. If you could just throw some light on that and how we are looking at the lighting business after the JV with Signify?

Atul Lall: So, before answering to your question on exports, I will touch upon that slightly later. Let me give you the business thesis behind the lighting joint venture. You see please appreciate lighting globally and also the case in India, particularly the consumer-facing lighting and in the domain in which Dixon operated, which was largely LED bulbs, down lighters and tube lights, batten. There has been a huge deceleration in prices and also a huge commoditization. So, that is the reason we went in for this joint venture, a 50-50 joint venture with Signify. So, more volumes are going to come. More than that, what happens is that it shifts our manufacturing footprint to premiumization. The product portfolios being expanded into is largely on the premium side. And this new product portfolio, and we are working on hundreds of new products because the combined strength of Signify and Dixon R&D is working on that. Some of them are existing solutions. Some of them are new solutions is going to be not only for Signify, but for all the other existing customers. Further, it helps us in accessing the global market. So, we are excited about it. We feel there is going to be significant growth and also this operating leverage. So, one, it is going to be heading towards premiumization. Second, it is going to give us an operating leverage to manage our cost better. So, that is the thesis on which we are working. And we feel that it is going to give us results. Now on the export side, there is a large retail chain. I am not in a position to share the name of it, which has placed an order on us, which is a pilot order, mainly in the area of strips and ropes, strip and rope lighting, which is going to be executed in this quarter. We feel that this should scale up over a period of time.

Aditya Bhartia: Understood, sir. That is very helpful. Thank you.

Moderator: The next question is from the line of Madhav from Fidelity. Please go ahead.

Madhav: Just wanted to understand how the valuation was arrived at for the Q Tech acquisition. So, if the revenue is about INR2,000 crores, I am assuming 5%, 6% EBITDA margin and if it's growing to like INR5,000 crores in four, five years' time, just if you could help us understand how the valuation was arrived at about INR1,000 crores for this entity?

Saurabh Gupta: Yes. So, basically, the revenue is INR2,000 crores, they have an EBITDA margin of broadly 7%, 7.5%, so broadly at INR150 crores of EBITDA and INR72 crores kind of a PAT, this is the last reported numbers. So, if you look at the valuation, the 15x of broadly PAT that we have given or in terms of EV EBITDA, it will be closer to 9, 10x.

Madhav: Okay. I'm just trying to understand like how does the valuation get arrived at given where the sector trades at in India and the growth is pretty strong, like 2.5x growth in sales in like four, five years' time, so just trying to understand the valuation that, like how does that get arrived at?

Saurabh Gupta: It is a negotiated valuation, and basically both the partners are bringing their own synergies on the table. So, we bring in a large Android ecosystem. We bring a large customer access. They already have the technology. And so both the partners are bringing. So, it is more of a negotiated kind of a deal. We think that both partners can bring in their respective synergies over a period of time and together, we can make this business scalable from INR2,000-odd crores to INR5,000 crores. And also, we feel confident that with both deepening of manufacturing happening in India and also by leveraging on this ECMS PLI scheme, the margins potentially, which is 7%, 7.5% can go to 9%, 9.5% in the coming years.

Madhav: Understood. And just the smartphone volumes, please, for Q1?

Saurabh Gupta: Smartphone volumes for Q1 was almost INR9.6 million.

Madhav: And the feature phones?

Saurabh Gupta: Feature phones was closer to 5.7 million.

Moderator: The next question is from the line of Piyush Khandelwal from Motilal Oswal. Please go ahead.

P Khandelwal: Thank you, Atul, sir and Saurabh, sir. Just wanted to ask, do we have any plans to get into the bare PCB manufacturing as well because that might help us in getting more of backward integration as well?

Atul Lall: So, Piyush, as of now, we are not pursuing it. We were working on strategic acquisition. To be candid, we are working on a very tight timeline so that we can file the applications of ECMS and leverage the government policy framework. So, as of now, no. But definitely, we feel that PCBA is a very large opportunity. Now the next phase of the line is to create a business resource and a strategy for pursuing that opportunity undoubtedly.

P Khandelwal: Maybe something for industrials, automotive, PCA.

Atul Lall: One domain we are going to aggressively pursue.

P Khandelwal: Okay. Sir, just the reason why I am asking this is because the government is providing subsidies anyways in this latest component PLI scheme. So, we can anyways take advantage of that. So, that will be like much more lucrative as well, apart from just PCBA, which you said as a very, very lucrative opportunity.

Atul Lall: So, as of now, Piyush, we are not pursuing at least the ECMS scheme for PCB, bare PC.

Saurabh Gupta: So, Piyush, we are focusing on other components, but yes, we feel that other components -

Atul Lall: See, our sense, Piyush, is that there is a large surplus global capacity as far as PCB is concerned, bare PCB. Second, there is no duty arbitrage. It is an ITA-1 category. So, the government cannot create duty arbitrage in this particular component. So, the financial metrics is different. But I think it is a matter of perception, and each business was having its own view. And we have pursued the other parts of the component ecosystem.

P Khandelwal: Got it, sir. Thanks.

Moderator: The next question is from the line of Ankur from HDFC Life. Please go ahead.

Ankur: Hi, good afternoon, sir. Thanks always for your time. Two questions on the cell phone business. One, obviously, Q1 has been very strong, volume growth, top line growth again, extremely strong. And I think in one of your comments, you said you are looking at another 15% QoQ growth as well given the way order books are with you. So, if you could just help us what is driving that growth? Is it also scaling up of exports for one of your anchor clients in the US? Is it more domestic volumes? New customers? So, just some more insight into what is driving that growth. And if I remember right, you said about 40 million to 43 million annual numbers for the cell phone business. So, are you broadly sticking to that?

Atul Lall: So, our order book, Ankur, is looking good for smartphones. As Saurabh just shared the number, we did around 9.6-odd million in Q1. And the order book is I think we should be somewhere at around 11 million to 12 million in Q2. Now this is a mix of better performance of our customers, both in the domestic market and also a significant flip of our anchor customer for global markets.

This is a combination. Q2 looks good. And we are confident that our final numbers of 42 million, 43 million, we are going to hit. Please appreciate all these numbers we are talking about without the Vivo share.

Ankur: Sure. Okay. And just follow-up there. Given that the PLI obviously comes to end in FY'26 and our guidance of course, is to get to 60 million next year. I know this question may have been asked to you earlier as well as how do we both retain and take on more customers, right given that the PLI will not be there. So, are we cost-competitive enough? I know customers could also be sticky given our relationship with ODMs and the kind of scale we have. But if you could just spend a minute here where the scenario you see post PLI at the moment?

Atul Lall: Yes. So, it is a combination of primarily three factors, Ankur. One is to deepen relationships with the customer and our large scale we generate in operating leverage. Second is the nature of our relationship with the customers is bound through JVs. Please appreciate the relationship with banks and also Vivo into JV route. Third is our foray into backward integration of camera modules of displays. Now this gives us a significant advantage and gives us a competitive edge. So, we have done the number crunching, and we feel that we will be able to more than adequately compensate for the PLI component. So, that is what the strategy is.

Ankur: Great. Thank you so much. All the best.

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

Vipraw Srivastava: Hi, sir. Just a couple of questions. Firstly, sir, on the camera module expected revenue, currently, Q Tech is doing INR 2,000 crores revenue for 5 crores camera modules. Correct me if I heard it right, but I heard you said the 20 crores camera module is expected. So, if I just multiply, the revenue should be INR 8k revenue, right?

Atul Lall: What I was referring to is the addressable market. The revenue that we have taken in the budget is a certain percentage of the addressable market.

Vipraw Srivastava: Okay. So, you are saying out of INR 20 crores, you will do some volume, and that is why INR 5K, right?

Atul Lall: That is right. That is right.

Vipraw Srivastava: Okay. Got it, sir. And sir, secondly, just a quick follow-up on the minority interest, correct me if my understanding is correct, what I feel is minority interest is primarily derived from Ismartu and the Airtel subsidiary. So, both these segments have gone up QoQ, still minority interest has declined QoQ. So, can you please explain where the disconnect here?

Saurabh Gupta: Yes, you are absolutely right. One is on account of Ismartu, second is on account of the telecom JV with Airtel is a 49% partner and also the Califonix, which is basically a JV marketing for the board brand. So, last quarter, I think so we also had some numbers coming in from our AIL Dixon which was basically sold out subsequently. So, that is mainly AIL difference.

Vipraw Srivastava: Got it, sir. Got it. And sir, lastly, the 15% QoQ was expected, is it fair to assume that revenue growth will be in line or better than this? .

Saurabh Gupta: Revenue growth should be in line. Export revenues in Q2. So, yes, it can be slightly better as compared to Q1.

Vipraw Srivastava: Sure, sir. Thanks a lot.

Moderator: Next question is from the line of Anupam Goswami. Please go ahead.

Anupam Goswami: Overall on non-mobile phones where do you see the size of this growing in the next three years? And what are the categories to lead this?

Atul Lall: So, when you are looking at the non-mobile business, we feel that our telecom business in a year or so, can touch a revenue of almost INR5,000 crores. We feel in a couple of years our refrigerator business because in phase one we are expanding our capacity to 1.2 million and then to 2.2 million can be somewhere between INR2,000-2,500 crores. Washing machine, we are further expanding the capacity from 3-odd million to 3.8 million. The current revenues of almost INR1,200 crores may go to INR1,800, 2,000 crores. Lighting through a JV, we are confident that from INR850 crores, INR 900-odd crores can double to INR2,000 crores. So, these are the numbers. Similarly, with the hearables and wearables business, there is going to be an organic kind of a growth. The new verticals which we are pursuing is mainly the IT product which we are already focusing up to ramp up. We feel that in a couple of years' time that again revenue can be somewhere in the range of INR3,000, 3,500 crores. That is going to help us in blended margins.

Anupam Goswami: Okay, got it, sir. One more question is, there has been reports on media news is Motorola sharing or distributing its own EMS manufacturing. So, are we losing any share on Motorola or any other Longcheer or anywhere?

Atul Lall: So, Motorola has got another EMS. But please appreciate that almost 80% of Motorola requirements, in fact more than that is with us.

Anupam Goswami: Okay. Got it, sir.

Moderator: The next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Fund. Please go ahead.

Naushad Chaudhary:

Hi, thanks for the opportunity. Two questions. First, we have multiple projects in hand. Many of them are new for us. So, just wanted to understand from a management bandwidth product if you can help us understand how are we positioned? What are the key hirings we have done in last one year? And what are the gaps or is there any difficulty in terms of fixing the requirement of the management?

Atul Lall:

So, undoubtedly, we are significantly address in growth path. So, talent recognition is an ongoing process. We have recently hired vice president, strategy and digital transformation. We have hired vice president for our components business. We have hired an expat from Taiwan to our display manufacturing and business. We have hired a Korean expat to hit our R&D for washing machines and appliances. We have hired a vice president, HR. So, many, many hirings are on, but of course, it has to be scaled much more. So, we are working hard on the talent acquisition. And I think today, we are in a sweet spot wherein we are able to get the talent.

Naushad Chaudhary:

And second, on the cell phone business, just wanted to understand, does your export business give you better ASP versus domestic? And if that is the case, can the productivity for the staff or straight to the margin of export business could be better than the domestic?

Atul Lall:

So, ASP for export, which is largely at present of our anchor similar is almost similar to our domestic ASP. But exports, please appreciate it is a complex business and there are some ramp-up requirements wherein we have to invest more in the organization. So, the margin level finally is going to be similar, but initially, the costs are going to be more, but finally, the margins are going to be similar.

Naushad Chaudhary:

Alright, sir. All the best. Thank you.

Moderator:

The next question is from the line of Abhishek Ghosh from BPS Mutual Fund. Please go ahead.

Abhishek Ghosh:

If I broadly look at your FY'27 mobile guidance of that INR6 crores, INR 6.5 crores, your market share will be fairly high at broadly 45%, 50% if we exclude some of the brands, which typically do not outsource. In terms of the Longcheer JV that you kind of announcing, do you think there could be upsides to that and how should one look at the export mix as far as FY'27 mobile targets?

Atul Lall:

So, yes, Longcheer will be an upside, that number that we are talking. Export last year it was around INR 1,600-odd crores. We feel in the current year of '25-26 should hit INR 7,000 crores. We feel because we are working on another large export opportunity. I cannot share the granular details as of now. We feel that this number of INR7,000-odd crores can ramp up to almost INR11,000, 12,000 crores.

Saurabh Gupta:

So, basically, Abhishek, the way you should look at is, though the number may be 65 million or which you mentioned, but that would have a decent export element also. If we exclude that, then our market share may not be that much as compared to the number that you just mentioned.

Abhishek Ghosh: Got it. And does this Longcheer JV also open up some of the export opportunities for you, right?

Atul Lall: To start with would be largely domestic.

Saurabh Gupta: Initially, it will be domestic, Abhishek, but over a long-term period, mid-term period, yes, it can open up opportunities.

Abhishek Ghosh: And sir, the last question is in terms of the margin profile for the mobile segment. With the backward indication you are doing with the JV partnership and other things that you move in from a 15%, 17% of bill of material to almost something like in excess of 35% to 40% and PLI going away in some time, how should one broadly look at the margin trend as far as mobile is concerned? There will be as an operating leverage factor also. So, how should we look at it?

Saurabh Gupta: Yes. So, the math that we have done, we think that FY 27-28 and of course a large part of it will start reflect in FY 26-27 when the PLI also goes away. In FY 26-27, we think we can expand the margins. Even after taking into account the PLI margin, which is our share of PLI margin going away, we can expand the margin to almost 120, 130 bps in FY 26-27 and which should even be higher in FY 27-28 once it is completely ramped up, and we have expansion of mobile displays, we have more TV and automotive displays coming in. So, we think FY 27-28 can be a further margin expansion as well.

Moderator: The next question is from the line of Neeraj Jain from BNP Paribas. Please go ahead.

Neeraj Jain: Sir, my first question is on the Inventec JV. Just wanted to understand what kind of products we are working on under this JV and when we say that we will also be getting into the servers, so does that include a part of the broader addressable market like overall servers of around \$5 billion., so just wanted to get a better sense what exactly are we looking to cater to under this JV with Inventec?

Atul Lall: This is a 60-40 JV, wherein we have 60% and Inventec has 40%. It is going to be for notebooks, it is going to be for AIOS and also is going to be for servers. Inventec is one of the top 5 global ODMs in the IT product space. And also, they are going to help us with the backward integration play. So, this JV of ours with Chongqing Yuhai, that is a large vendor to Inventec and HP. Also, we are exploring the possibilities of SSD and memory modules in this JV. So, this is the mandate for this JV.

Neeraj Jain: Sure, sir. So, this SSD and memory module would be with some other partner, right?

Atul Lall: So, we are evaluating that. Inventec has an in-house capability.

Neeraj Jain: And sir, second question is on Longcheer JV. So, just wanted to understand, do we have a similar kind of Vivo JV which around 65% to 70% of their volumes in India are tied up under that JV. So,

how are we looking at like a difference in the incremental volumes that might come when we go through a JV route?

Atul Lall:

So, as I mentioned to the earlier participant, when Abhishek was asking that question, so once the JV is formed, we feel that practically all Longcheer volumes are going to be with us which is going to be a further upside.

Saurabh Gupta:

So, basically, Longcheer is a large ODM partner for a lot of mobile brands. So, they have a very deep relationship with them. So, we feel that once the JV is concluded and they also happen to be an equity partner in that, then those volumes can potentially be part of the JV.

Moderator:

The next question is from the line of Girish from MS. Please go ahead.

Girish:

Just a couple of questions, if I missed, sorry. On the CAPEX part, I wanted to understand the outlook for this year and next year for the core EMS business and the component across the three portions, which is display modules with HKC, the CAPEX that you are likely to do on camera modules with the new tie-ups and the mechanicals tie-up? And then I had a follow-up. .

Saurabh Gupta:

Yes. So, Camera, broadly, we have mentioned that we will be doing a CAPEX. It is an acquisition. So, it is a combination of buying out their existing shareholders and also putting some primary money in the company to meet the CAPEX and also deepen the level of manufacturing. So, camera and displays put together, we would be doing a CAPEX closely to almost, I would say, INR750 crores to INR800-odd crores this year and broadly the other part of the CAPEX, the INR300 crores, INR400 crores can be the expansion of capacities and other things.

Girish:

And on the core EMS side, how much would be the CAPEX that you would do this year?

Atul Lall:

So, this number that Saurabh mentioned includes that.

Girish:

The INR750 crores plus INR300 crores, so INR1,000 crores across all businesses...

Atul Lall:

Somewhere around INR1,100 and INR1,200 crores.

Girish:

And sir, what is the current margin profile that you have for the camera module acquisition? And what are the working capital days, if you can help on that?

Atul Lall:

So, the EBITDA margins are somewhere in the range of 6.5% to 7%.

Girish:

I was just enquiring this in context of tariffs because presently, I believe there is a 10% import tariff that exists on camera modules and margins of this entity at 6.5%, 7%. So, is there like a royalty fee that this company is paying to the parent or how is the math's working out for them? And you mentioned in one of the interviews to the media that you are looking to increase the margin. So, just

wanted to understand the levers to increase and how that will come through on the margin side because previously, on camera modules, I believe, on all components, you've been talking about mid-teens number on margins, but this number is quite low. So, just wanted to reconcile what value addition will happen to increase it versus what we were earlier thinking of mid-teens to begin with?

Atul Lall:

For camera modules, we never mentioned it is going to be mid-teens. Please appreciate that when you are doing the manufacturing in India and to secure more orders, you have to share some advantage with the customer also. That is where it makes the business case. So, we plan to invest to further deepen the manufacturing. And also, there is going to be a PLI coming in into this business through the ECMS route. So, we are confident that the EBITDA margin in this business would come up to almost 8.5%, 9%.

Saurabh Gupta:

This will be a combination, Girish, of operating leverage coming in on account of increased volumes of basically our customer access to them. Second, the PLI benefit as part of the ECMS scheme. Third is more deepening of manufacturing. So, they are doing a particular manufacturing process, which once we put in money in the company, which also gets qualified for the ECMS committed CAPEX. Once, it deepens the level of manufacturing. So, on deepening, you are able to capture more value here, so which increase the margins and then the operating leverage and then the PLI benefit. So, we feel confident that the 7%, 7.5% margin can potentially go to 9%, 9.5% margin over the next couple of years.

Moderator:

The next question is from the line of Keyur Pandya from ICICI Life Insurance Company Limited.

Keyur Pandya:

Just two questions. So, first, on the broad timelines of all these JVs, so Inventec, Chongqing and HKC JV and as well as Q Tech, what kind of ramp-up we should expect over the next two years considering that they are relatively new category, and it takes some time for setting up plants and approvals as well? So, how should we think about, say, commissioning and ramp-up of these JVs? That is first question. Second, on the mobile export side, I mean, is there a business case except for US where there are some restrictions on Chinese manufacturing to make phones from Indian export, which is competitive versus China, does that make any sense in terms of such a commercial math? So, that is the second question.

Atul Lall:

To first part of your question, Q Tech is a running factory. So, once we are able to conclude the deal, which we feel should happen over the next two, two and half months, we will start consolidating the results and then we can start ramping up. As we have shared in the deliberation that finally, we aspire to reach the revenue of INR5,000 crores over the next four to five years. As far as the HKC display unit is concerned, the construction is on. We are targeting to do the trials and pilots in Q4 of the current fiscal and the revenues going to start getting booked in Q1 of '26, '27. Finally, the aspiration is that we should be able to do 4 million units of mobile displays, 1.5 million to 1.8 million units of notebook displays and we feel that we should be able to do almost 2 million to 2.5 million units of automotive displays. That is the plan. The Inventec JV, we target to start in Q4 of the current fiscal or Q1 of the next fiscal. For the new JV of Chongqing Yuhai, the

plan that is still being drawn. It is going to take some time. As far as the Vivo JV is concerned, we are waiting for the PN3 approval and then we will conclude it.

Keyur Pandya: And just second question on the export opportunity -

Atul Lall: We have already started exporting to Africa. And we feel that we will be able to meet the cost targets. And this is a large opportunity that we are working upon with one of our anchor partners.

Keyur Pandya: Okay. Thanks a lot, and all the best.

Moderator: The next question is from the line of Teena Virmani from Motilal Oswal Financial Services. Please go ahead.

Teena Virmani: Congrats for the great number, sir. Sir, my question to some extent is already answered regarding the camera module and precision components. Just wanted to get some sense from you regarding the margin improvement that can start happening. Can it start getting reflected in the financials from FY'27 first half or second half once the PLI goes away and simultaneously, your display and camera module and precision components simultaneously quarter-by-quarter they can add up to the margin improvement?

Atul Lall: That is what we are working on, Teena. It is going to be slightly slow of enhancement of the blended margins through the component route in first half. But I think second half, we are confident.

Saurabh Gupta: Something like cameras and displays would start to reflect in the margin, something like the precision components may take some more time. Yes. Effectively, the full impact would start coming in second half of next financial year or somewhere after the 1st Quarter.

Teena Virmani: Okay. So, you are in discussions with the existing clients also to accept the camera module and the display that you all would be manufacturing?

Atul Lall: That is right. Our existing customers, the brands they are already using Q Tech.

Teena Virmani: Understood. And lastly, just a small question. How is the scale up expected from this Vivo JV, like this 60 million, 65 million volumes that you have mentioned, does it include Vivo volumes or this is not including Vivo volumes?

Saurabh Gupta: That includes the Vivo volumes. The large upside would come in from Vivo volumes.

Atul Lall: Vivo has almost 22% share of the Indian market which is almost 30-35 million numbers and two-third of that volume is going to be done in JV. So, finally, when everything is consolidated, we expect that volume to be almost 18 million to 20 million. That is how we are talking about it

because in the current fiscal itself, we are targeting almost 40 million, 42 million and another 20, 25 million is going to come from the Vivo bucket.

Teena Virmani: But that may come by end of FY'26?

Atul Lall: That is right.

Teena Virmani: Understood. Thank you, sir.

Moderator: The next question is from the line of Amber Singhania from Nippon Mutual Fund. Please go ahead.

Amber Singhania: Congratulations on good set of numbers. Sir, just two questions from my side. One, if you can help us understand what kind of volumes Longcheer do in India with the various brands? And second thing is when we will be doing backward integration, how easy and difficult given the approvals for various components, be it your display module? I understand Q Tech already has for the camera module but for the display and others how easy and faster to shift our brands or the brands which we are making for these components?

Atul Lall: To your first part of the question, our estimate is Longcheer volumes in India would be somewhere around 25-odd million. Q Tech, we explained to you that most of the brands are already using Q Tech. As far as the display modules are concerned, some of the brands are using HKC. For other approvals our HKC China team and our India team have already started working with the brand owners because this approval is required in the POC stage. So, they are already on the job for getting the approvals done.

Amber Singhania: Okay. But by the time it will be operational, we are positive that it should get approved by then?

Atul Lall: So, it is going to happen in phases. We are confident of EBITDA.

Saurabh Gupta: HKC supply these android brands, but every model is different. Teams will be working. It will happen in phases, but that model-by-model, it will keep happening.

Amber Singhania: Okay. And just one last question if I may. In terms of margins, you mentioned about the Q Tech's 6%, 7% margin moving up to 9%, 9.5%. Similarly, if you can help us understand what kind of normal margins we can expect in HKC or display module as well as on the mechanics?

Saurabh Gupta: Mechanicals, the numbers are yet to be worked out. It will work out in a detailed business plan along with them on the opportunity side.

Atul Lall: Please be rest assured on the mechanicals for the laptops the margins are going to be very robust.

Saurabh Gupta: It will also be in double digits.

Amber Singhania: And this is also in double digits?

Saurabh Gupta: It is higher double digits, yes.

Amber Singhania: Thank you sir and all the best.

Moderator: Ladies and gentlemen, in the interest of time, we will take this as a last question. I would now hand the conference over to Ms. Bhoomika for closing comments and over to you, ma'am.

Bhoomika Nair: Yes. On behalf of DAM Capital, I would like to thank all the participants, and again, thank you very much to the management for giving us an opportunity to host the call. Thank you very much, sir, and wishing you all the very best. Any closing comments from your end?

Atul Lall: Well, thank you, Bhoomika, and thanks to all the participants for being with us. And yes, we have already shared the strategy journey way forward. So, thanks for being our stakeholders and supporting us. Thank you so much.

Saurabh Gupta: Thank you, everybody. Thank you so much. Thank you, Bhoomika.

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