

Dixon Technologies (India) Limited

24th May, 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 Q4 FY 25 Earnings Conference Call held on 20th May, 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 Q4 FY 25 Earnings Conference Call of the Company held on **Tuesday, 20th May, 2025**.

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

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's Q4 & FY'25 Earnings Conference Call”

May 20, 2025

MANAGEMENT: **MR. ATUL LALL - MANAGING DIRECTOR & VICE
CHAIRMAN, 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 Dixon Technologies Limited Q4 & FY'25 Earnings Conference Call hosted by DAM Capital Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation conclude. 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. Thank you and over to you ma'am.

Bhoomika Nair: Good evening, everyone, and a warm welcome to the Q4 FY'25 Earnings Call of Dixon Technologies (India) Limited. We have the management today being represented by Mr. Atul Lall – Managing Director & Vice Chairman and Mr. Saurabh Gupta – Chief Financial Officer.

At this point, I will hand over the floor to Mr. Lall for his initial remarks, post which we will open up the floor for Q&A. Thank you and over to you, sir.

Atul Lall: Thank you, Bhoomika. Good afternoon, ladies, and gentlemen. This is Atul Lall, and we have on the call today our CFO, Saurabh Gupta.

Saurabh Gupta: Good evening, everybody.

Atul Lall: Thank you very much for joining the earning call for the quarter ended March 2025. Despite a dynamic and challenging macroeconomic Company has delivered another quarter of robust performance. Our diversified revenue streams have insulated us from segmental volatility.

The key highlights for the quarter are as below:

Consolidated revenues for the quarter ended March 31st, 2025, was Rs. 10,304 crores against Rs. 4,675 crores in the same period last year, which is a growth of 120%. Consolidated EBITDA for the quarter was INR454 crores against Rs. 199 crores in the same period last year, which is growth of 128%. Consolidated PAT for the quarter was INR 401 crores against INR 95 crores in the same period last year, which is growth of 322%. This includes fair value gain of INR 250 crores in the value of Dixon's stake of 6.5% in Aditya Infotech Limited. Excluding this gain, the adjusted PAT for the quarter was Rs. 185 crores, which is a growth of 95%.

Besides leveraging industry tailwinds, we are scaling up across all segments by taking higher share of customer's wallet, new customer additions, and driving margin expansion through operational efficiencies, value engineering and manufacturing excellence. The company's strategy to deepen the level of manufacturing by getting into components will further lead to margin expansion. With our unwavering commitment to financial prudence, we continue to demonstrate exceptional discipline in managing our working capital cycle which stood at negative 5 days, healthy balance sheet with cash and cash equivalent balance of Rs. 264 crores, and low gross debt to equity ratio of 0.07 as of March 31st, 25. This near zero debt position along

with adequate credit line gives us significant financial resilience to fund our current and future growth requirements. Improvement of ROC to 48.5% and ROE up to 32.5% as on 31st March 25 which is well ahead of industry's benchmark was driven by high asset turnover, operating leverage and optimized capital allocation underlining the quality of earnings, consistent focus on value-added growth and a structural efficiency of our business model. ROCE and ROE will always remain key guiding parameters in the strategic investment decisions.

We continue to invest in our capacities, backward integration, and diversify into new product categories to support long-term growth opportunities with huge focus in quality manufacturing excellence and consistently meeting the needs of our principle customers and strengthen our position as a key player in the industry. We see ECMS, that's Electronic Component Manufacturing Scheme, a scheme launched on 8th of April by the government of India as a strong enabler for backward integration, cost efficiency and low value, long-term value creation and have committed to leverage this scheme to enhance capabilities and contribute to India's goal of becoming a global hub for electronic manufacturing. We have already rolled out a project for display modules, by evaluating various other component categories like camera modules, mechanical enclosures, and lithium-ion batteries, and will be actively participating under the ECMS.

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

Mobile Phones:

Revenue for the quarter for mobile business was Rs. 9,102 crores, growth of 194% year-on-year and operating profit of Rs. 349 crores which is growth of 232% with an operating margin of 3.8%. Out of this revenue for telecoms, hearables and wearables were INR 1,288 crores and INR 196 crores, respectively. Our collaborations with leading global smartphone brands deeper reinforcing our standing as a reliable and respected partner in mobile manufacturing. We're expanding capacity by 50% from our current levels for our anchor customer to meet their increased order book, a large part of it will be on account of exports to North America in light of the evolving geopolitical scenario. We expect a strong growth in the volume for Longcheer and order books for Xiaomi looks decent. For Compal, the volume we're expected to increase for large US brand with potential opportunities for exports. Ismartu is having a strong order book from the brands like ITTEL, Infinix and Tecno and also nothing.

With export order book to African markets where Transsion groups are leaders with almost 80% market share and also increasing focus on deepening the level of manufacturing by getting into components in the JV with them. We have started manufacturing for the new partner NxtCell to manufacture a smartphone for French brand Alcatel and have a decent order book. We are in the process of filing our PN3 application for FDI approvals for our JV with Vivo and simultaneously working on closing the definitive agreements.

Construction is underway for the display module facilities in partnership with HKC, focusing on mobile phones and IT hardware products in the first phase with mass production expected to

commence by end of this fiscal at capacity of 2 million displays per month, which will be further enhanced to 4 million displays. And also, we will have the capacity of 2 million laptop displays in this phase. We are constructing a new factory of almost 1 million square feet in Noida for our mobile manufacturing. With the announcement of component PLI, are now in active discussions with our prospective technology partners for camera modules, lithium-ion batteries, and enclosures.

Consumer electronics, which comprises of LED TVs and Refrigerators:

Revenue for the quarter was INR 689 crores with an operating profit and margin of INR 42 crores and 6.1%, respectively. Out of this, the revenue for refrigerator business was Rs. 197 crores. Segment margins expanded 270 points, primarily driven by strong profitability in our refrigerator operations on account of ramp up and stabilization of operations leading to normalized margins.

LED TVs:

The global TV industry is witnessing subdued demand, primarily due to structural challenges and a significant shift in consumer preference. We are increasingly offering customized solutions to our customers and are now working closely with Amazon Fire TV Solutions and LG for webOS, which is expected to be rolled out by Q1 of current fiscal. In addition to interactive flat panel display TV, we're now starting manufacturing digital signages solutions from 65 to 100 inches and have a decent order book. Further, we plan to invest in CKD and set up a robotic panel assembly line for these product categories. We're also in discussions for partnerships for manufacturing for industrial institution and automotive displays and exploring opportunities in both B2B and institution sales.

Refrigerators:

Within the first year of operation, we have been able to capture around 8% of Indian market and 48% of OEM addressable market in direct cool category. We have onboarded more than 15 customers in a year in direct cool category owing to the trust owned by our brands for our institution and quality. We are also expanding our capacity in direct cool categories to 2 million per annum from 1.2 million per annum, along with foraying into the new products in the cooling division, like 2-door frost-free, side-by-side, mini bars, deep freezers and visi coolers. Order book for 2025-26 looks very healthy and we expect a growth of 50% in the current fiscal.

Home Appliances:

Revenue for the quarter was Rs. 302 crores, operating profit was Rs. 37 crores, a growth of 23% year-on-year with an operating margin of 12.2%. Margin expansion was mainly supported by scale-driven efficiencies, value engineering, cost optimization, focus on innovation, and value-added offerings to our customers. We further expanding our manufacturing capacity in our Tirupati plant in order to meet the increased order book for our clients. In the coming fiscal, we

will also be launching semi-automatic washing machine in 16 and 18 kg capacity category, which will be the first across the industry. We have already started working on the front load washing machine, robotic vacuum cleaners, initiated many new designs through our ODM solutions in both the categories which are expected to be launched by Q2 of '25-'26.

Lighting:

A revenue for the quarter was Rs. 200 crores with an operating profit of Rs. 15 crores with a margin of 7.3%. Our 50-50 JV at Signify is expected to commence operations from Q2 of the current fiscal, following the signing of definitive agreements, which are anticipated to close by end of May 2025. The JV is expected to generate operating leverage through synergies expanding into new categories, including high-end door lighting products, professional lighting, along with unlocking export opportunities. During the quarter, we operationalize our backward integration facilities for exclusions used in patents, which is expected to enhance cost efficiency and contribute to margin improvement.

Telecom and Networking Products:

The revenue in this segment of the quarter was Rs. 1,288 crores, which is almost 5x growth year-on-year, along with superior operating margins and robust balance sheet. A new Noida facility in Q3 of this fiscal is now operating on optimal level to meet the increased order book for our anchor customer. Leveraging the rapidly increasing home broadband penetration in India, we have doubled the capacity of 5G fixed wireless access devices to cater to the demand of our anchor customer. Our first model of IPTV boxes has ramped up and another model will kick in Q2 of this current fiscal for our anchor customer.

In line with our strategy of backward integration, we have localized certain components like casting, molding, adapters, and working on localized more components like mechanicals, connectors, etc. With a solid order book for our anchor customer export prospects to a large ODM, this vertical is set to play a pivotal role in Dixon's growth. We are now deeply exploring to manufacture non-customer premise equipment and low volume high-mix products like radio access networks, ethernet switches, network transport equipment.

Laptops and Tablets:

Laptops and tablets, that is IT hardware worlds are dedicated IT hardware manufacturing unit in Chennai has completed the pilot run and mass production is already commenced and will significantly ramp up in coming months for both HP and ASUS. Production for Lenovo has ramped up to almost 30,000 units per month with healthy audiobook for the coming period. We're entering into 60-40 JV with Inventec Corporation, it is one of the world's top 5 IT products ODM for manufacturing of notebooks, PC products, servers, desktop PC, including its components like SSDs, memory, power supply in India, and in process of finalizing the manufacturing facility in Chennai, adjacent to our current facility. We are also exploring opportunities for localizing mechanical enclosures for IT hardware under ECMS.

Wearables and Hearables:

Revenue for this segment was Rs. 196 crore for the quarter with healthy operating model and extremely good ROCE. We have a strong order book in this business. We are in discussion to expand product portfolio with additional new brands. The focus also on backward integration and localization.

Rexxam Dixon Electronics, JV with Rexxam achieved revenues of Rs. 121 crores in the quarter with healthy margin superior ROCE. We have finalized a new manufacturing location in Chennai, Tamil Nadu for meeting the increased order book for our anchor customer.

I would like to stop here and I and Saurabh are there for you to address any questions that you may have. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have a first question from line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Hi. Good evening, sir So my first question is on the mobile phone side. I just wanted to understand how we thinking about the ramp up in volumes from here on. And like this particular quarter was more like a flattish quarter on a sequential basis, of course, so from here on, how should one think about volume ramping up? And my second question is on the consumer electronics business, wherein the TV revenues appear to have fallen quite sharply, and it's been fourth or fifth consecutive quarter that that's happening. Just wanted to understand how much of this is overall market phenomena, and how much of this could be on account of maybe some market share?

Atul Lall: And so, Aditya, responding to first part of your question, the smartphone order book from the current quarter is looking very healthy. From our anchor customer, the order book is very, very good because we have really ramped up our exports to North America. The order book from both Xiaomi and also Longcheer has increased significantly from the current quarter. Also the numbers of Ismartu, wherein we do for ITTEL, Tecno and Infinix, nothing looks very good. So the order book is very healthy. From the current quarter, the combined volume would be somewhere in the range of around 3.3 to 3.5 million per month.

Aditya Bhartia: Sir, the volume that you mentioned, 3.3 million to 3.5 million per month. This is the volume that we did in 4th Quarter for smartphones?

Atul Lall: Monthly order book.

Aditya Bhartia: Okay, understood.

Atul Lall: Responding to your second part of the question, TV is under pressure. There is an overall decline. There is a structural issue with the category as such. And also, we have lost a bit of the market share. So that business is under pressure that I humbly accept.

- Aditya Bhartia:** And sir, do we have the flexibility of maybe lowering the margins a bit and trying to regain market share or is it a scenario that customers want to be little more broad based in terms of their vendors and therefore are deliberately looking for an alternative?
- Atul Lall:** So we are working on various fronts, Aditya. One is expanding the product portfolio. So we have already started the IFPD. We are looking at digital signage and also educational TV. We have gone in for more backward integration. We have optimized our cost structures. And we are migrating more and more to ODM where the margin profile is better. And we are launching new operating systems. So we are on Amazon Fire TV, which will be launched shortly, and also LG WebOS. It's slightly premature. We're also looking at some large strategic relationships in this business. Please give us some time. I'm fairly confident that it's going to materialize. So various actions are being taken to bring this business back on track.
- Aditya Bhartia:** Perfect sir, that's great to hear. Thank you so much.
- Atul Lall:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Ankit from HDFC Life. Please go ahead.
- Ankur:** Hi sir, it's Ankur. Thank you as always for your time. So my first question again on the cell phone side, and also on upcoming competition, the cell phone business, obviously context of our PLI, actually not just for us, everybody kind of going away in FY'26. So if you could just help us understand how you see competition coming up here? How do we retain and more so continue growing the way we have on the cell phone side?
- Atul Lall:** So, Ankur, you see, we have a large share of the outsourcing opportunity of mobile business. Just looking at the numbers, the total market of 150 million odd. Out of that 150 odd million, Android space is around 135-140 million. Various brands are manufacturing in-house. And outsourcing opportunity is around 90 million. And including our new tie up of Vivo, we are targeting for around 60-65 million by next year. That's the number we are talking about. Questions that you have raised are very pertinent. The first point is that how do we respond to the competition? And second, the PLI is getting over in '25-'26. This is the last year. So on the first part, please appreciate, we have deep strategic relationships. So our largest customer, Motorola, it has really done well and now we have a large export opportunity with them. And this relationship is very deeply entrenched. And for anybody to be very candid to catch up, it is not an easy task at all. The second is our large relationship with Transsion and that's our JV. And the third, so that means all the brands like Infinix, iTEL, Vivo; iTEL and Tecno are with us and nothing is with us. Similarly, our forthcoming JV with Vivo is a strategic relationship wherein as per the binding term sheet, a very large percentage has to happen in JV only. Balance, of course, the market is open, but we have to deliver. So the competition will be on deliverables. But we strongly feel that we have the first mover advantage in this business. We also have a large scale with an operating leverage. And also we will have the first mover advantage of backwardly integrating into components. And wherein we will generate fairly good blended margin to control this market. And also the backward integration play plus the operating leverage

generated through the large scale and also significant investment in automation and enhancing the operational efficiency. We feel that we should be ahead of our competition, but we respect competition and we are paranoid about competition. So we have to be on our toes. But I'm sharing with you very transparently and candidly the direction and the work that we're doing internally.

Ankur: Very helpful and so just on Viva, are we broadly on track to commence production by Q2. I think Q2 was what we mentioned earlier?

Atul Lall: In our budget this year we have taken some part of it in Q4.

Ankur: Okay. And last one, if you or Saurabh could share the volume numbers for the full year for our segment, the way we share them every time?

Saurabh Gupta: Smartphone numbers was 28.3 million last year. And '23-'24 it was 6.4 million. So it is a growth of 338%.

Ankur: Similar numbers for other segments as well, TV and lighting as well and Appliances please?

Saurabh Gupta: TV, there is a decline from 3 million to 2.4 million. In LED bulbs, there is a growth and in other lighting products also, there is a significant volume growth. In washing machines, in semi-automatic, it's flattish. But in fully automatic top loading, there's an 81% growth from 1.6 to 2.9 million. In feature phone as a category is declining and Jio order had come to an end, so there was a decline. In TWS and all, there was a significant growth of almost 47% from 16 million to 23.7 million. And similarly, in both, hearables business, it's grown from 10 million to 13 million, 36% growth. In set-top boxes, there was a growth from 2 million to 4 million. And telecom product is a growth from 3.5 million to 7 million. In refrigerators, of course, it was our first year. So we dropped a volume of 8.6 lakhs, which is almost 8% of the Indian market and 40% of the outsourcing opportunity. So I think volume numbers largely, except for TVs, have been very good for us.

Ankur: Got that. Great. Thank you so much.

Saurabh Gupta: Thank you.

Moderator: Thank you. We have our next question from the line of Hitarth Kapadia from ValueQuest Investment. Please go ahead.

Hitarth Kapadia: First question is on this minority interest of Rs. 64 crores that has come in this quarter, which business is driving this and how is this going forward because there's a significant increase?

Saurabh Gupta: So minority interest is coming on account of our telephonic business, which is basically the wearables, hearables business, which we have it both. It's also an account of the telecom business where we have a 49% shareholder as Airtel. And so these are the two businesses where we have

a minority today. And even the Ismartu business, whereby the 49.9% shareholding of our Ismartu entity is done. So we have a 50.1% shareholding.

Hitarth Kapadia: And the second question, on the component business, what will be the economics of it? Say, a payback period, ROCEs, asset turns, working capital, that sort?

Atul Lall: So each category is different, display modules is different. Saurabh can share with you separately in the financial matrix of that. For camera modules, enclosures, and batteries, the teams are working upon it. So it's slightly premature to share those numbers. But we feel and we have that confidence that once we get into it our blended margins should significantly improve.

Hitarth Kapadia: Okay, thank you. That's it for my side. I will connect with you separately for the other.

Atul Lall: Sure.

Moderator: Thank you. We have our next question from the line of Renu Baid from IIFL Capital Services. Please go ahead.

Renu Baid: Good evening, team. Sir, my first question is on Ismartu. We had a minimum assured PAT offtake for this year. So have they delivered on the 2 billion plus number? Where are they? If you can share some inputs there on the financial matrices for Ismartu. Second also on the mobile phones, you did mention 60-65 million units targeted. This is for fiscal '27, right? And for fiscal '26, what kind of volume numbers are we targeting overall for the year? Given certain JVs are expected to start contributing to numbers towards the mid of the year?

Atul Lall: So, Renu, responding to first part of the question, Ismartu has delivered on the committed PAT in this fiscal as per our agreement. On the second part of the question, yes, we are building a capacity of almost 60-65 million and that's the targeted volume that we are aspiring for in '26-'27. '25-'26 volume number for a smartphone is around 45....

Saurabh Gupta: So Renu, depending on..., I think it should be closer to 40 to 43 million.

Atul Lall: 43-44 million, Renu.

Renu Baid: Got it. And the payout to Ismartu will happen now in fiscal '26 or what are the timelines there?

Atul Lall: Sorry?

Renu Baid: There was a payout which was due to Ismartu on achievement of...

Saurabh Gupta: So basically we have agreed for the next three years based on the achievement of their committed PAT to us. I think so, yes, there will be further payouts for the next couple of years.

Renu Baid: Got it. Thanks much, Atul and Saurabh sir. Thank you.

- Moderator:** Thank you. We have our next question from the line of Madhav from Fidelity. Please go ahead.
- Madhav:** Hi, good evening. Thank you very much for your time. My question again on the smartphone business, once the PLI program ends the end of FY'26, just wanted to understand, let's say 3%-4% margin business where there is about 4% to 5% incentive from the government which obviously we retain some of it, pass some of it to our customers as well. But once it sort of goes away next year, just want to understand, I mean, as you already are a large market share, like you said in the outsource portion, if you look at 60, 65 out of 90, do you see any chances of either market shares pressure for us into FY'27 or any price threshold to retain the volume, in case some competitors get a bit more aggressive, we may have to give some price discount to customers to retain the business. Do you anticipate either of this happening into FY'27?
- Atul Lall:** You see, extremely important is that we in Dixon have to really enhance our operational efficiency much ahead of our peers and also deliver on our foray into components. Now, with the kind of volume and the relationship that we have, definitely we will be generating an operating leverage. Please appreciate the PLI contribution to our margin is around 0.6%-0.7%. We feel that the initiatives that we are taking on automation, increasing our efficiency, a large scale and also our foray into the components under ECMS, the benefits and gains for us are going to be much more. There can be some time lag here and there, but on an overall basis, I think we're sitting on a much more healthier and comfortable position post PLI.
- Madhav:** You think the PLI contributed 0.6%-0.7% to our mobile phone margin business or the EMS division?
- Saurabh Gupta:** 0.6% of our margin is our share of PLI income which has been booked.
- Madhav:** So sir basically, if we had 4%-5% of sales coming as PLI incentive, which means the balance was getting passed on to the customer, right? I mean, if we were retaining 0.6, balance 3.4 was being passed on. Is that right?
- Saurabh Gupta:** Yes, last Financial Year.
- Madhav:** So that's what the crux of my question was, that if you were passing on let's say 3%-4% margin business to the customer, now that that incentive is not there next year, obviously can competition come in? That's what my question was. Because there will be a 3% price disadvantage, right?
- Saurabh Gupta:** There's no PLI for anybody after a gap of one year. So whoever is the...
- Madhav:** That's exactly my point actually. Whoever has a large scale better operation efficiency was able to offer them at a lower cost structure because and that can only happen once you are more backward integrated, once you have a large scale, once you are more focused on driving operation efficiencies, once you have a, once who has a better management team, better balance sheet, I think so we will be able to drive a larger share of the..

- Atul Lall:** Also, please appreciate, this is the reason very deeply we have been engaging with the customers to form strategic relationships. You see, Transsion is our brand. Our brand in the sense that there's a strategic relationship through JV. Same is the case with Vivo. And Motorola relationship is almost at a similar level.
- Moderator:** Thank you. We have a next question from line of Keyur from ICICI Prudential Life Insurance. Please go ahead.
- Keyur:** Thank you. Hi team, for great performance. So just 2 questions. First question on the IT hardware/laptop side. This Inventec JV and even other with MOUs. What kind of volume profitability and revenue we should assume say over next 2 years both FY...basically how, what would be the ramp up path over next 2 years including FY'26 that is first question.
- Atul Lall:** Inventec JV, we have 60% and in Inventec has 40%. Inventec is one the top 5 ODMs in the IT sector. They have large relationships with brands like HP and ASUS and they also have a large presence in the server market. So we feel that this JV should become operational in Q4 of the current fiscal. There's a factory being set up adjacent to our campus in Chennai. Initially, this will be focused on PCBA because we will be leveraging the IT PLI 2 also. And they're going to be bringing in here the large relationships into this JV. And also they'll be facilitating our entry into the component site to further leverage IT PLI 2 because if you see the structure of IT PLI 2, the incentive keeps expanding as you keep on localizing more. Now the revenues we feel in the year two can be somewhere in the range of around 2,000 odd crores. But the opportunity for this is immense because they bring in a lot of strength and lot of deep relationships, lot of technology, the high value added products like servers to our relationship.
- Keyur:** Sir, just one follow up. So basically, our IT hardware segment revenue, it would be Rs. 2,000 crore in FY'27. Is that correct understanding?
- Atul Lall:** No. See, there are two parts to it. One is Dixon's owned factory under the IT PLA 2 and that's a separate revenue. And then we are talking about the revenue in the JV. So yes, these are two separate entities. In the JV, there'll be two parts to it. One is the final product being built. It is going to be built to the end customer directly. And the second day is going to be PCB and components being done in JV and being built to Dixon IT PLI unit. So there are two separate revenue streams. A part of it is going to be subsumed in Dixon and balance is going to be an independent revenue. We feel that in a couple of years, we should be generating almost 4,000 odd crores of revenues in both the entities.
- Keyur:** Okay, understood. And second question on the timeline for our component JV for display modules. So when should we expect commercialization and significant billing or contribution to the revenue/EBITDA?
- Atul Lall:** We feel this factory should be ready by Q3 or the current fiscal? That is a on October of December quarter. The trial should start sometime in January to March. And the actual revenue generation should happen from '26-'27.

Keyur: Okay noted. Thank you. All the best, I will get back in the queue.

Moderator: Thank you. We have our next question from line of Vipraw Srivastava from PhillipCapital. Please go ahead.

Vipraw Srivastava: Alright sir, first is on the laptop side. So what kind of revenue you are expecting based on your budgeting for FY'26 for the facility coming up in Chennai for laptops?

Atul Lall: So we are expecting somewhere between 1200 to 1500 in the current fiscal.

Vipraw Srivastava: Okay, sir. That's noted, sir. And secondly, the kind of volume growth you have given, which is around 40 million-43 million, by any chance will it be possible to tell how much would be coming from Motorola out of this on volume terms?

Saurabh Gupta: We don't want to share any brand wise. But just for your numbers, all the 4 brands largely. So Motorola, of course, will be a large growth and even there'll be growth in Xiaomi, Longcheer, which is **(Inaudible) 37.52** and also for our Transsion brand and also the large global US brand as well through our partnership with Compal. So all the 5 would grow.

Vipraw Srivastava: Noted sir. Right. And lastly on the component PLI. So obviously the government has given a window of four months to apply for this. So what's the status on the JV partner for camera modules? I mean, any thoughts on that? And what's the status there?

Saurabh Gupta: Timeline given is 90 days and we are working on it.

Vipraw Srivastava: Sure. Thank you, sir.

Moderator: Thank you. We have our next question from the line of Anupam Goswami from SUD life. Please go ahead.

Anupam Goswami: Hi, sir. Sir, first question is on the camera and module that you're talking about. You said about component Q3FY'26, the trial should start. Is it going to be camera and display module both? And what is the bill of material are we looking in this overall and what kind of volume should we start with? We have a relation with all the brands. How the process takes place and expand overall? That is all, sir.

Atul Lall: So what we refer to and what we stated was that in phase one, we are looking at display module and the capacity being set up is 2 million. And the teams are now working and trying to get engaged with the prospective customers, which are largely captive for getting the solutions approved so that we can start supplying to them. So here what we refer to was display modules for mobile. And in phase 2, there is going to be doubled to 4 million. And parallel in phase 1, we are setting up a display module line for laptops. That's the thing. For camera modules, I am not able to share with you any details as of now.

- Anupam Goswami:** Okay, sir. And sir, 2 million units display. And how do we set this process, if you can explain how the customer engage, what's the timeline, and when can we ramp up to our, let's say, mobile volumes, should we in the long run see both in tandem?
- Atul Lall:** Sorry, I didn't get to the last part of your question, please?
- Anupam Goswami:** In the long run, what sort of volume should we see? How we have ramped up the mobile? Should we expect similar line of growth in that in the mobile display?
- Atul Lall:** See, first of all responding to first part of your question, when a mobile, when a smartphone is designed, that's where the camera module, sorry, the display module is finalized and aligned with the design in the POC stage. So it's a 6 to 8 month cycle for development of those solutions. And that's where the company and the team that we started working upon. And as I told you, initially it's 2 million. See, we are targeting 43-44 million, which we plan to take it up to 60-65 million. So we feel that large part of what we produce first 2 million, that is 24 million, and then 48 million to be captive, a part of it might be sold out, and that's the plan.
- Moderator:** Thank you. We have our next question from the line of Abhishek Ghosh from DSP Mutual Fund. Please go ahead.
- Abhishek Ghosh:** Hi, sir. Thanks for the opportunity. Sir, in terms of the mobile landscape, you spoke about 13.5 crore Android phones market and about 9 crores is something which is outsourced. So the residual 4-4.5, is that likely to be in-house only or is there a point at which that can also be outsourced? Is that something which should be looked at from a 3 to 5 year perspective? Any thoughts on that, sir.
- Atul Lall:** So Abhishek, basically there are three brands which are doing in-house. It is Samsung. Samsung, we already have a large relationship wherein we are doing equity **0:42:41**. So let us say if Samsung does around 40 odd million, we're doing 12 million in-house, but Dixon has a different relationship. And that I am not counting in this number. Then it is Oppo. So with Oppo, we already have a large relationship and I hope that will keep on enhancing and deepening. And third is Vivo, so Vivo we have already finalized the strategic relationship. So these are the things. So I don't think Samsung is an outsourcing opportunity. I don't think so. Oppo and Vivo's relationship are expanding.
- Abhishek Ghosh:** So essentially, sir, you are saying you will go up to ex of exports, you will do something like 5-5.5 out of the total 9 crores opportunity. That's the way to look at it in India. So see, what we feel is in the current year, we are targeting to do 44 million. So out of these 44 million, I feel almost 10 million to 12 million is going to be exports. Because for our anchor customers, the auto book for exports from North America is extremely healthy. And also for Transsion brand, we have started exporting to Africa. Please appreciate in Africa, our share in many markets, have a share as high as 80%. So we already started exporting, and we feel in the current year, we should do almost 2 million exports. So I feel on an overall basis, almost 10 million to 12 million is going to be exports for us which we are very deeply working that these quantities should

expand significantly in '26-'27. Because that is what we want to crack, that our cost comparativeness is globally comparable so that the global market now after acquiring a very large share of domestic market, we are attempting to get into. That's what we are aspiring.

Abhishek Ghosh: Okay. So, sir, in the 6 to 6.5 crore range that you have given, export is something not explicitly built in to the extent you would have wanted. I'm saying if that comes in, is there an upside to that number of 6-6.5 crores if export kind of works out the way you are expecting it to?

Atul Lall: Yes, Abhishek, that can be an upside. You see, if we are able to crack it, then it can be a big upside.

Abhishek Ghosh: So if not in 27, but at least in 28, you will have growth coming in from the exports. That's the way one should look at it?

Atul Lall: That is the trajectory for Dixon's growth.

Abhishek Ghosh: Sure, sir. Thank you so much and wish you all the best.

Atul Lall: Thank you.

Moderator: Thank you. We have our next question from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Yes, sir. Thanks for the opportunity. On this new deal with Alcatel, do you have some targets in mind about how much are they also looking to sort of produce for the next couple of years?

Atul Lall: Well, we have just started the relationship. I think let's give it some time. I think it will not be fair for me to put in the number there. The commercial production will get started in the current month.

Siddhartha Bera: Okay. And second is on this profitability on your consumer electronics and home appliance segment for the quarter. Because some of these improvements that you talked about are sort of continuous process. So will it be fair to assume that part of it will sort of sustain going ahead and at an annual level also, you would want to target some of these numbers or there is some one of which we should normalize going ahead?

Atul Lall: You're talking about?

Saurabh Gupta: Yes, so basically, Siddharth, as far as the refrigerator business is concerned, so clearly we have a very strong order book and we're further expanding our capacity from 1.2 million to 2 million and we're getting into other categories, which was mentioned by sir in this opening remarks. And we're expecting a 50% growth in that category. And please understand that's an 100% ODM business for us. The margin profile will be around somewhere closer to 9/5-10.5 kind of a range. So clearly that order book, that growth, that margin profile is clearly sustainable. Now TV as you mentioned, yes, there are challenges, but we are trying to get into new categories, trying to

do more ODM. We have really worked on the cost optimization here, cost controls here. But let's see how the TV industry pans out. But yes, probably as far as refrigerators are concerned, you should take it as a broadly sustainable. In fact, that should be a growing vertical for us in this segment.

Siddhartha Bera: And sir, what about the home appliances?

Saurabh Gupta: Home appliances also, yes, we continue to do well also as the fully automatic top loaders is concerned. The numbers are now, we are doing a steady state of decent volumes every month. And of course, the margin expansion has happened on account of more value-added offerings, innovation, and as well as the value yielding efforts. And we mentioned that we will now get into other categories as fully automatic front loaders as well, robotic vacuum cleaners. Now all of that will be done at the same facility. So that should also lead to more utilization of that capacity infrastructure. So margin wise as well as the revenue growth wise, it should be sustainable. In fact, there should be also growth in that category in this year.

Siddhartha Bera: Got it, sir. Very helpful.

Moderator: Sorry to interrupt Mr. Siddharth. May we please request you to rejoin the queue?

Siddhartha Bera: Sure.

Moderator: Thank you so much. We have our next question from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Good evening, sir. Thank you for the opportunity. So first is on mobile. I just wanted to check what's our yield in mobile segment in terms of the recovery rate or rejection rate if you could highlight. And how does it stack up versus globally or Chinese players?

Atul Lall: Recovery rate meaning you're talking about the in-process rejection or?

Achal Lohade: Yes, in process rejection, sir.

Atul Lall: So, the in-process rejection across different brands is slightly different. I don't want to give the specific numbers pertaining to brands. It is between 0.2%-0.3% to 0.5%-0.6%. it's at a global level.

Saurabh Gupta: Broadly to answer your question, it's at a global level. So some of the best companies that are manufacturing mobiles today, we are broadly at a similar level. And we have the same infrastructure. We have the same machineries, the same throughput of those machineries. So clearly we are broadly at the same level.

Achal Lohade: Understood. And the second question I had with respect to the PLI, if you could help us understand for FY'25, what is the gross and the net number and how much does it pertain to the

mobile segment? And I remember we had certain claim with respect to the unclaimed PLI. Any update on the same as well? Thank you.

Saurabh Gupta:

Yes, so as sir mentioned sometime back that whatever mobile revenues we have around 0.6% of those mobile revenues is the PLI share of income, which is our share of income, which has been booked into this profitability. So broadly, you can calculate those numbers. Overall, yes, as far as the status is concerned, mobile, we have got our PLI till December 2024, so we have got a PLI till December 2023, January to March '24 is expected to come anytime. And then we will file a claim. We have already filed a claim for part of this financial, current financial year as well. And the government will take that claim as well. As far as the other PLIs are concerned, which is on telecom side, lighting side, as well as AC inverter control board we have got a claim till last financial year and we have now filed a claim for the current financial year, the '24-'25 as well, because it's mostly done on the achievement of the revenues at the yearend level. And yes, and the IT hardware we have just started. So we have done the CAPEX and as and when the revenues come into the system, we will file a claims for IT hardware revenues as well.

Achal Lohade:

Understood. That's great, sir. I will fall back in the queue for follow-up. Thank you.

Moderator:

Thank you. We have our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal:

Hi, sir. Thanks for the opportunity. One question on the realization for mobile phones as we ramp up our volumes from 28 to 42 and then let's to 60 plus. Given the brand mix that you see, do you think there is a scope for realization pricing as well or those remain probably still.

Saurabh Gupta:

Yes, we feel confident that the realization would keep going up on account of the mix change. If you look at this, some of the brand, the large US global brand that we have, the realization is much, much higher than the realization that we have across the other three large brands. And even as you get into the export markets, there also the realization of the smartphones is much higher.

Atul Lall:

Also the whole market and demand is migrating from 4G to 5G. Whereas the unit value is significantly higher. So unit sales realization will increase.

Saurabh Gupta:

In fact, it has been going up in the last couple of years. It will further go up in '25-'26.

Indrajit Agarwal:

Sure. And my second question is on the new business, that's on industrial EMS, any update on that? Where are we? What kind of targets that you have over the next 3 to 5 years?

Atul Lall:

So Industrial EMS, our first hopefully venture is going to be on the charging plant. We are tied up with a startup for charging stations. In our Tirupati plant, we are targeting to start production for this particular venture. That's the first opportunity that we are pursuing.

Indrajit Agarwal:

Alright, thank you. That's all from me.

Moderator: Thank you. We have our next question from the line of Girish from Morgan Stanley. Please go ahead.

Girish: Yes, sir. Thanks for the opportunity. Sorry, I joined a bit late if I missed this. Historically, you've spoken about over 150 basis point of margin expansion, courtesy the component PLI that you're doing on a blended basis. Does that number still hold or given the reassessment, is that number raised up or down? And the second one, I wanted to understand is the CAPEX that you expect to incur for FY'26 and '27, given the large customer onboarding and volumes that you expect across verticals like mobile and IT and telecom? Thanks.

Saurabh Gupta: Yes, to answer your second question, Girish, the CAPEX intensity, the '24-'25, we did a CAPEX of almost Rs. 900 odd crores.

Atul Lall: In that '25-'26, the CAPEX should be in a similar range of around Rs. 900 crores to Rs. 1,000 crores in which we have adequate cash flows and credit lines to support. On the first part of your question, there is going to be a significant margin profile for the component business is significantly higher. I don't want to share the specific numbers at this stage, but let me assure the house that the margin profile of the component business is significantly higher.

Saurabh Gupta: And also our own internal efforts on efficiency or more automation, so that should lead to margin expansion and also the operating leverage and also higher contribution of our ODM business like refrigerators and also telecom business. Of course, telecom is not an ODM business, but that's also given an order book and we have decent margins there. So a combination of all that put together, but large part of that will be driven through this backward integration strategy. There are four components that we have narrowed down. We have already done our numbers for camera modules and displays. Another two we are, of course, we will be doing our numbers, but broadly all the components generally comes at a very good margin profile. And that should lead to a significant margin expansion at a company level.

Girish: And sorry if I missed this again on display fab, where is the discussion with the government on ISM 2.0 and as far as our partnership is concerned or our thought process on that CAPEX is concerned, is there an update on that please? Thanks.

Atul Lall: So we are awaiting the ISM 2 to be rolled out. We are not very sure of the timelines for that. So that's where it is. We're waiting for ISM-2 because that particular foray is hinging upon the rollout of ISM-2 and what that policy framework is going to be like.

Girish: Sure, thanks and all the best.

Moderator: Thank you. We have our next question from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Hi, Atulji.

Atul Lall: Good evening, sir.

Bharat Shah: Good evening. Just one question. These Vivo relationship, the joint venture, it is in works for almost 5-6 months now. Why is it getting delayed so far?

Atul Lall: You see, we already signed a binding term sheet with them. The teams are working upon the definitive agreement. And very shortly, we will be filing our applications for PM3 waiver. Now, this PM3 waiver in the government, it is a long process. It involves a huge inter-ministerial effort. So what we have targeted is that these approvals should come sometime in next 5 to 6 months and we have taken some small portion in our current fiscal budget for the last quarter of January to March.

Bharat Shah: Out of 65 million that we are talking about?

Atul Lall: Here I'm about the current fiscal plan of 43-44 million.

Bharat Shah: No, I understand. But out of... Sorry. What is the Vivo output expected to be?

Saurabh Gupta: So Vivo output, sir, will fully will come in '26-'27. And that can be broadly anywhere...

Atul Lall: I think it's about a 15 to 16 million.

Bharat Shah: No, sorry Atulji, I didn't get that. How much is Vivo at a full level expected output to be?

Atul Lall: Total output of it will be around 28 million to 30 million. As per our term sheet, 67% has to be done in JV. So we are expecting around 18 million to 20 million to come in the JV.

Bharat Shah: And that, more or less, fully should come in '26-'27?

Atul Lall: That's right.

Bharat Shah: And a part of it in the last quarter of the current year.

Saurabh Gupta: That's right.

Bharat Shah: But per se, that is on trick, right? But for the procedures and all that.

Atul Lall: That's right.

Saurabh Gupta: Subject to the approval, sir.

Bharat Shah: And one last thing. Saurabh, you said the margin on the mobile phones, 0.6% odd addition due to PLI. Assuming the PLI scheme does indeed gets vacated, our effort to mitigate that margin impact, partly due to operating leverage, partly due to other efficiencies and all the other cost initiatives that we are taking. So purely on mobile phone, that impact of the PLI margin of 0.6% for the year in entirety of '26-'27, we should be able to mitigate for that 0.6%.

Atul Lall: Yes, sir. We are quite confident.

Saurabh Gupta: Yes, we are confident, sir. And it will be largely driven by backward integration and also the efforts on the efficiency, the automation. And we are working towards it, sir. We are really working towards it.

Atul Lall: We are fairly confident on that.

Bharat Shah: Okay. Fantastic. All the very best and thank you.

Atul Lall: Thank you, sir.

Saurabh Gupta: Thank you, sir.

Moderator: Thank you. We have our next question from the line of Neel Mehta from Equirus Securities. Please go ahead.

Neel Mehta: Thank you for the opportunity and I congratulate you for the good set of numbers. I just wanted to understand that Xiaomi is losing some bit of market share. So not the exact, but the ballpark level can you just guide the volume numbers that possibly Xiaomi has done for the FY'25 and similarly for the Motorola as well?

Saurabh Gupta: Yes, we can't share any specific numbers. Please understand we are an EMS company. So that is the reason why it is important that we should have multiple customers. That's the big de-risking strategy for us. And that's the continuous and the most critical process for us. So if Xiaomi, for some reason, has lost market share, then of course others are gaining market share. And we happen to work with most of the customers in the Android ecosystem. So at a broad level, we end up getting an overall large share in the overall market.

Neel Mehta: Okay, thank you sir.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today and I now hand the conference over to Ms. Bhoomika Nair from DAM Capital for closing comments. Over to you ma'am.

Bhoomika Nair: Yes, I would like to thank all the participants and particularly the management for answering all the queries and giving us an opportunity to host the call. Thank you very much, sir and wish you all the very best.

Saurabh Gupta: Thank you, Bhoomika.

Atul Lall: Thank you, Bhoomika and thanks everyone.

Saurabh Gupta: Thank you, everybody.

Atul Lall: Thank you. Really appreciate it.

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