Dixon Technologies (India) Limited

24th January, 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 Q3 FY 25 Earnings Conference Call held on 20th January, 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 Q3 FY 25 Earnings Conference Call of the Company held on **Monday, 20th January, 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

Digitally signed by ASHISH KUMAR
Date: 2025.01.24 12:38:43 +05'30'

Ashish Kumar
Chief Legal Counsel & Group Company Secretary

Encl: As above

"Dixon Technologies (India) Limited

Q3 FY '25 Earnings Conference Call"

January 20, 2025

MANAGEMENT: **MR. ATUL LALL – MANAGING DIRECTOR AND 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 Q3 FY '25 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

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: Yes. Good evening, everyone, and a warm welcome to the Q3 FY '25 earnings call of Dixon Technologies Limited. We have the management today being represented by Mr. Atul Lall, Managing Director and Vice Chairman; 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 very much, Bhoomika. Good evening, 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 earnings call for the quarter ended December '24. Despite a dynamic and challenging macroeconomic environment, the company has delivered another quarter of robust performance. Our diversified revenue streams have insulated us from segmental volatility. Consolidated revenues for the quarter ended December 31, 2024, was INR10,461 crores as against INR4,821 crores in the same period last year, a growth of 117%.

Consolidated EBITDA for the quarter was INR398 crores against INR187 crores in the same period last year, growth of 113%. Consolidated PAT for the quarter was INR217 crores against INR97 crores in the same period last year, growth of 124%. Besides leveraging industry tailwinds, we're scaling up across segments by taking higher share of wallet from our existing customers, our new customer additions and superior execution by managing the operations efficiently.

Foraying into components will further increase the value addition with improvements in margins. With operational excellence, strong capital allocation discipline, higher asset turns and effective working capital management, we're able to expand our ROCE and ROE to 42.6% and 33.3%, respectively, as on end December '24, reflecting consistent value creation for the shareholders. Our asset turnover ratio remains among the best in the industry, reflecting efficient utilization of resources to drive revenue growth.

Despite ongoing investments in capacity expansions, we have managed to keep our gross debt-to-equity ratio at a comfortable level of 0.15, underscoring our commitment to maintaining a low leverage business model. And we continue to maintain a healthy liquidity position with cash and cash equivalent balance of INR222 crores, reflecting our disciplined cash flow management, our focus on optimizing working capital with a cash conversion cycle of negative 3 days has ensured sufficient liquidity to support the growth initiatives.

We want to invest in our capacities, backward integration and diverse into new product categories to support long-term growth opportunities with huge focus on quality, manufacturing excellence and consistently meeting the needs of our principal customers and strengthen our position as a key player in the industry. We are excited about the opportunities ahead and confident in our ability to continue leading as India's premier electronics manufacturing services company and consistently achieve revenue and profitability growth.

Now I'll share with you the business performance and insights of each of the segments. Mobile phones, revenue for the quarter from mobile was INR8,089 crores, which is a growth of 176% year-on-year. We have strengthened our partnership with leading global smartphone brands, reinforcing our position as a trusted mobile manufacturing partner. We have added one more new facility in Noida in addition to the 6 state-of-the-art manufacturing facilities now capable of producing over 60 million smartphones annually.

Ismartu, subsidiary of Dixon Technologies, has acquired land building plant and machinery for INR133 crores to support scaling up of Nothing smartphone brands and Transsion brands like Infinix, Tecno and itel including the 3 million export volumes that have just been given to us to African markets next financial year. We expect to export around 0.5 million to 0.6 million units in February, March this fiscal itself.

For Motorola, we've been consistently clocking a volume of more than 1 million per month. And order book looks healthy in coming months, including some decent export orders. We have been witnessing a consistent increase in volumes of Xiaomi and expect this momentum to continue in the coming quarters. And we also have a decent order book for Oppo. We have successfully dispatched the first order production for a large global brand through Compal in December '24, and the order book for coming months looks very promising.

We have entered into a binding term sheet with Vivo for proposed joint venture with Dixon holding 51% of the shareholding for manufacture of smartphones. Vivo India shall transfer its manufacturing assets through JV. The transaction is subject to the execution of definitive agents, completion of customary conditions precedent and receipt of applicable regulatory approvals under the foreign exchange control laws of India.

We have finalized location of manufacturing of displays in partnership with HKC. We expect to start the manufacturing by Q1 end or Q2 beginning of the next financial year. We are also looking to further deepen the level of manufacturing and look to get into the precision components, mechanicals and camera modules and also battery packs in the component sector. A very senior resource and a team under him has already been recruited to execute a foray into the component sector.

For strengthening our backward integration, we are in active discussion with a global technology partner. We have finalized the location for manufacturing of display modules in partnership with HKC. We expect to start the manufacturing by Q1 end or Q2 beginning of the next financial year.

We are also looking to further deepen the level of manufacturing and looking into partnerships for precision components, mechanicals, camera modules, and also battery packs. For this, a senior resource has been hired and a team is being built to execute these projects as we are keenly awaiting the rollout of component PLI by the government of India shortly.

For strengthening our backward integration capabilities and also servicing the large requirement in the industry and also creating a huge moat for Dixon, we're in active discussion with global technology partner for setting up a world-class display fab, which is critical components. It's a fab in mobiles, IT hardware’s and consumer electronics segment.

Currently, India relies heavily on import for displays, and our foray into this segment will aim to localize production and bring greater control over supply chain and cost efficiencies. This will significantly enhance our value addition. This is a complex project. We are in discussion with our partners. We are awaiting the rollout of policy guidelines under ISM 2.0 by the Government of India to take this project forward. So, this is a big, big step forward for us at Dixon.

Consumer Electronics, that is LED TVs and refrigerators, revenue for the quarter was INR633 crores with an operating profit and margin of INR22 crores and 3.5%, respectively. Out of this, the revenue for refrigerator business was INR166 crores. LED TV market has faced slower growth owing to subdued consumer demand. And we have onboarded a few multinational brands in our TV ODM solutions like Hisense and Acerpure on Google TV Linux platform.

We're working closely with Amazon Fire TV solutions and LG for webOS, which is expected to be rolled out by Q1 of next fiscal. We have also got some export inquiries. In addition to the interactive flat panel display, we have now started manufacturing digital signages solutions from 65 to 100 inches, in which we have a decent order book. Further, we plan to invest in CKD and planning to set up a robotic panel assembly line for these products.

We are also in discussion for partnership for manufacturing industrial, institution and automotive displays. Refrigerators, within first year of operation, we have been able to capture around 8% of the Indian market in direct cool categories, owning to the trust shown in us by our brands over execution and quality. We have also started exports to Nepal and actively exploring Sri Lanka and UAE markets.

Order books for Q4 financial year '25 and '25-'26 looks very healthy. We are also expanding our capacity from 1.2 million per annum presently to 1.5 million per annum. We have backwardly integrated many production processes. And also, we are going to be adding and expanding our product portfolio by including deep freezers, Visi Coolers, wine chillers and -- along with 2-door frost-free and side-by-side in this particular category.

Home appliances, that's washing machines, revenue for the quarter was INR315 crores, a growth of 9% year-on-year. Operating profit was INR32 crores, a growth of 7% year-on-year. We are now regularly plotting monthly volume of 25,000 in FATL, which is 100% growth year-on-year, and more customer additions are in pipeline.

We are now exploring addition of new product categories like robotic vacuum cleaners, water purifiers, chimneys and other large kitchen appliances in this particular business. In addition, we have initiated many new designs in both the categories, which is expected to be launched in Q4 of FY '25.

Lighting revenue for the quarter was INR201 crores with an operating profit of INR14 crores. In the outdoor lighting range, we have received orders for flood lights and street lights from large brands. Backward integration of batten is expected to operationalize in Q4, financial year '25, which will bring in more cost efficiency, leading to improved margins.

Telecom and Networking products, revenue in this segment for the quarter was INR977 crores, which is a growth of 48% quarter-on-quarter. And we are looking for more than 4x growth in revenues as compared to last fiscal. Our new Noida facility commenced production in November '24 to meet the increased order book for our anchor customer.

We have also ramped up 5G FWA order -- 5G FWA outdoor and indoor for domestic market and plan to double the capacity for the same to meet the customer requirements along with access points, GPON ONTs and Internet set-top boxes. We have successfully completed the NP of IPTV set-top box and mass production has started.

In line with our strategy for backward integration, we have localized certain components like mechanicals, adapters, and working on localizing more components to drive cost efficiency and margins. With a healthy order book and a strong portfolio, we expect this vertical to be a key driver of company's growth in coming years.

Laptops, tablets and IT hardware products. Our dedicated IT hardware product manufacturing unit in Chennai is almost ready for production and trials are going to be starting in February '25 and mass production in Q1 of '25-'26 for HP and ASUS. Mass production for Lenovo has already started along with Acer in our Noida unit.

We are in final discussions of entering into a JV with a large global ODM and largest supplier to the global brand to expand our portfolio in high categories of notebook, servers and other IT products. Wearables and wearables revenue for this segment was INR129 crores for the quarter with healthy operating margin and good ROCE.

We have a decent order book in this business. Rexxam Dixon, our AC component JV with Rexxam, Japan, we achieved revenue of INR103 crores in this quarter. We are exploring business case for setting up a manufacturing facility in addition to Noida and Sri City, Andhra Pradesh, for meeting our anchor customer requirements.

I would like to stop here. I and Saurabh are there to address your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sanidhya from Unicorn Assets.

Sanidhya: So, my first question would be on the smartphone side. So, we did see some ramp up in Q2, but I think Q2 and Q3 volumes are same. Could you give highlights?

Atul Lall: Sorry, we didn't get you. You want to know the volumes for Q3 for the smartphone?

Sanidhya: Yes, sir. Yes. Yes, for smartphone feature and if you can segregate between Ismartu, Samsung and non-Samsung.

Saurabh Gupta: Yes. So, I can tell you the total smartphone volumes for Q3 and 9 months excluding Samsung. So, in Q3, we did a volume of almost 8.3 million. In the first 9 months, we have done a volume of almost 21-odd million, 20.5 million. And Samsung is over and above this volume.

Sanidhya: Okay. This 8.3 million is including Ismartu?

Atul Lall: 8.3 million is including Ismartu, yes.

Sanidhya: Okay. And feature phones?

Saurabh Gupta: Feature phones, we did volumes of 9.3 million in quarter. And overall, in 9 months, we have done a volume of 25 million.

Sanidhya: Great. And some insights I wanted on the camera modules. We were highlighting that we are getting into camera modules. So, can you share the market size and any -- currently what -- who are the players -- who are the large players in the segment? And what are we aiming here?

Saurabh Gupta: No, we never mentioned camera modules in our opening remarks.

Sanidhya: No, not in this, maybe previous quarters. So, are we getting into camera modules anytime soon?

Atul Lall: So, we are pursuing camera modules as a part of a component strategy. We are in discussions with the potential partners who are large suppliers to our existing customers. So that's a part of our component strategy. And camera module in all probability is going to be also a component which will be getting the PLI under new component policy with Government of India. So that's the path being pursued, but it's still in works.

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

Vipraw Srivastava: Right. So firstly, on the Vivo tie-up with Dixon, so -- I mean, is there any PLI sharing happening with Dixon -- with Vivo for this tie-up?

Atul Lall: So that's something commercially confidential. It's not really possible to share those contours as much.

Vipraw Srivastava: Sure, sir. Sure, sir. No issues, sir. Sir, secondly -- I mean, with the mobile phone PLI ending in FY '26, which is the last year, and recently, Tata Electronics also came up with announcement regarding phone manufacturing. We have other players like BYD, ZETWERK'S, all wanting to enter phone manufacturing. So how Dixon is seeing the competition shaping up post the mobile phone PLI ending?

Atul Lall: So, please appreciate that our business has grown from 5-odd million to almost 28 million to 30 million in the current fiscal. The order book that we have, and in the Android ecosystem, we have all the brands as a customer, top 8 brands as a customer. And also, the order book we have, we feel that it should be enhancing to almost 40 million to 45 million and then going up to 60 million. That's almost 65 % to 70% of the outsourcing opportunity in India.

Further, we are investing huge resources in automation, robotics and taking the efficiency level to the best in the world. Further, we are investing heavily into the component space, which, coupled with the PLI advantages is going to put us ahead we feel of the competition, so that's where we stand.

Vipraw Srivastava: Sure, sir. Sure. Sure, sir. Sir, last question, on the Longcheer deal with Oppo, Redmi and all these guys. So Oppo currently has a 60 million manufacturing facility in India, which is owned by them. So, I mean -- and Oppo India annually sells around 20 million, 25 million phones. So, I mean what makes -- what's in it for Oppo to share volumes with Dixon for their mobile phone manufacturing?

Atul Lall: So here, what we are offering to Oppo is a Longcheer ODM design solutions, which are always going to be an outsourced mode.

Vipraw Srivastava: Okay. Right. Right. So -- I mean what kind of volumes we expect to get? I mean, any targets you have to get from Oppo? Because it is one of the largest players in mobile phones.

Atul Lall: So, we feel that in the next fiscal, we should be somewhere around 8 to 10 -- 7 million to 8 million, something like that.

Vipraw Srivastava: Okay. Fair enough, sir. And if I'm allowed to ask last question. On the display fab, which Atul Lall Ji told in the opening remarks, so -- I mean, obviously, it's a very capital-intensive industry, and you already have HKC for display modules, right? HKC also owns display fabs in China. So, isn't it a likely possibility that you might actually tie up with HKC for these fabs or you will get a different partner?

Atul Lall: So, we are going to be pursuing with our existing partner, and it's a large project for any company and so is the case for us. So, we will be partnering with HKC and -- yes.

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

Aditya Bhartia: Sir, my first question is on the KHY acquisition. In respect of that acquisition, you spoke about some export order. Could you just kind of explain how large is the opportunity? What are we looking for? Is it just capacity expansion that we were aiming in Ismartu facility, which is why we kind of acquired these assets?

Atul Lall: So, Aditya, in Ismartu, we're going to be starting exports of smartphones. We are targeting to export almost 3 million phones. It's a beginning, which is going to generate a revenue for us of almost INR1,500 crores to INR1,800 crores. The exports start from next month onwards. So, we need to add capacity to existing Ismartu capacity. Also, please appreciate that there's a migration from 4G to 5G phones, wherein the component count and the product configuration requires additional capacity.

Then in Ismartu, we've also acquired a new customer, Nothing, which is the high-end phones, IP68 transparent enclosure, for which also we require this capacity. So that's the reason we are buying this asset. And it is coming to us at a very reasonable cost. The actual value of the asset is much higher. And there is more than adequate cash lying in the company and Ismartu to make this purchase. So that's what this transaction is all about.

Aditya Bhartia: Understood, sir. Sir, my second question is on the fab manufacturing facility. Just a couple of quarters back we had started -- or we had started speaking about display modules and now we are speaking about complete fab. What has really changed? What kind of capex may be required for this facility? And do we get any kind of soft indications from customers as to what their offtake could be?

Atul Lall: So, I think the electronics manufacturing industry in India has reached a level of maturity as far as the device and product creation is concerned -- manufacturing is concerned. And now for that to sustain and grow, definitely a component ecosystem is required. And we had shared with the stakeholders that our first foray is into the non-semiconductor side, wherein we've already launched the display module, which is going to become operational in the next 2 to 3 quarters and also mechanicals and other modules.

Now we feel, and we've had active discussions with our potential partners, that India industry and Dixon should be looking at a fab for displays to actually create the moat for the industry. But everything has to align with the business case and financials. Also, we are awaiting the government guidelines for the ISM 2.0 for this fab. The earlier ISM 2.0 guidelines were 50% capital subsidy from the center on a part and parcel basis.

20% from the pertinent state governments on a part and parcel basis. The number crunching, please be rest assured, I don't want to share more details as of now. It's slightly premature. It's an extremely attractive project with hugely margin accretive and a very fast payback period. And we are seeing that this will be globally competitive.

A large part of it, it adds value to us through captive consumptions in mobiles, in televisions and in our notebooks business. And of course, it's going to be offered to the other players in the market. And also, it's going to be globally competitive. So that's the reason at a conceptual level, we are deeply diving into it and we are building a team to take it to the next level.

Aditya Bhartia: Sure, sir. That's very encouraging to hear. Any rough details that you can share about the kind of capex that would be required and the kind of bill of materials that we'll be able to service through it?

Atul Lall: So, the capex is to the tune of around $3 billion. And display in television is almost 60%. And mobile, it's almost 12% to 15%. In a notebook, it's again around 12% to 15%, so it varies, but it's a high EBITDA margin business globally and for us also. Now obviously, it's dependent on the government scheme rollout. So, we are awaiting that, and we are expecting ISM 2.0 to be rolled out, but we are internally within Dixon putting in a lot of thought -- a lot of working in pushing this product.

Aditya Bhartia: That's great, sir. And just one last bit on this aspect. Is there an obsolescence risk also in a fab facility? Pardon my ignorance, looking at this part of the equation for the first time?

Atul Lall: Sorry, just come again, Aditya.

Saurabh Gupta: No, Aditya, I think for on all the future technologies like the micro-LED, the OLED...

Atul Lall: The OLED, the micro-LED, it will be ensured that the project sees any technological evolution is going to be built into this infrastructure.

Aditya Bhartia: That's great to hear, sir. Sir, my last question on our foray into PCBA business, which is what we had started thinking of as an isolated vertical as well besides the backward integration that we do for our existing verticals, any progress that we have seen over there in vertical -- in segments like autos and industrials?

Atul Lall: So, our teams are in discussions. We are in advanced stages of discussions with a large industrial buyer, and that's the first focus that we have. It's going to take some time, but I'm fairly confident that we are going to have a breakthrough there for our Chennai campus.

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

Madhav: I just wanted to check that when -- and I think you have mentioned that we can be 60%, 65% of the outsourced part of the manufacturing of mobile smartphones in India. I'm just thinking from a supply diversification risk like 1 or 2 years out, wouldn't brands at some point think that they need to diversify their risk? Because even in other sectors, like if you look at pharmaceuticals or chemicals, any other sector in India globally.

Generally, they would want to keep 2 or 3 vendors at least to kind of hedge the risk. So, is that a risk that you think for our volumes 2, 3 years out that they might want to diversify and Tata, etcetera, probably are, credible vendors as well in the market? That's my first question?

Atul Lall: So, your question is very pertinent, and that's the way it should be. Now it's for us in Dixon to be most efficient. It's for us to be in Dixon to be absolutely customer obsessed and create value for him. I know there are going to be challenges, but that's what we have to build within Dixon to be most subservient, obsessed with customer, deliver to him what he expects, nimble with new product introductions.

I think if we are able to achieve what we are aspiring to, then I think we'll be able to cover a lot of ground and protect our turf. But the first thing is to have a large share of a market. Yes.

Madhav: Okay. And the second question I had was on the display part. Did you say $3 billion or INR25,000 crores capex? Or did I mishear that?

Saurabh Gupta: Yes, yes. So, you are moderately audit right, but that -- please understand, a large part of that capex, as Mr. Lall mentioned, will also be subsidized by the government, so we are awaiting the policy guidelines under the ISM 2.0, which will come out, guidelines for the display fab. So, a large part of that capex's or -- should be subsidized by the government. So, our share of capex contribution should be lower. But, yes, the overall capex requirement for a display fab is around $3 billion.

Moderator: The next question is from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Sir, first question on this display capex, over what period do you think this will be spent? And even if you assume, say, a 30% share of ours, the investment do you think can be funded through internal accruals? Or do you think there can be other funding requirements you may look to sort of close this?

Atul Lall: The gestation period for setting up this project is around 3 years, right? We are awaiting the government guidelines under ISM 2.0 to take this going forward because they are the essential piece for execution of this project. And this will entail requirement of internal accruals or funding by internal accruals and also support by the stakeholders.

Siddhartha Bera: Got it. And second, sir, on the mobile side now, if you can just highlight how much Ismartu volumes we did in the quarter? And as we go in the next few years, how much do you think the volume ramp-up can be and same for some of the other bigger customers like Xiaomi, where are we seeing in the next few years our number reach up to?

Saurabh Gupta: Yes. Ismartu, I don't have the number right now with me, but broadly out of this 8.3 million number, I think so Ismartu volume should be somewhere around 1.7 million, 1.8 million. And yes, so basically -- so that we have done a volume of almost 20.5 million. And the last quarter also, we hope the order book that we have across Motorola, Xiaomi, Oppo and Ismartu and also the large global brand through Compal, I think so we should be doing another 9 million to 10 million kind of volumes.

Atul Lall: So, we should be around 30-odd million at the end...

Saurabh Gupta: 30-odd million by end of this financial year -- for this financial year, yes.

Siddhartha Bera: Got it. And sir, for the next year, what are the numbers we are thinking about right now, any internal estimates, and given that Vivo is also sort of ramping up? So, some color there if you can share?

Atul Lall: So, it's going to take some time to arrive at Vivo numbers because please appreciate Vivo transaction requires regulatory approvals from the government. It requires approval under Press Note 3, which takes some time. So, it's difficult to predict how those numbers are going to come into the company. But, otherwise, apart from Vivo, we'll have a significant growth, the kind of order book that we can see.

Siddhartha Bera: Understood, sir. Lastly, sir, on the capex side, if you can share what are the numbers for this year? And given the recent acquisitions we have closed, what is -- any initial guess of what is the ballpark number for next year we are looking at?

Saurabh Gupta: Yes. So, we have done a capex of almost INR620-odd crores in the first 9 months, and we should hopefully close at somewhere around INR800-odd crores plus INR50 crores to INR60 crores is the monthly going run rate right now. And, yes, the next year budgets are being worked out, so I think so I'll have a better visibility in the next couple of months. But broadly, you can assume a similar number of anywhere between INR600 crores to INR700-odd crores.

So that should be the run rate. But yes, we will have a better visibility in the coming months on the budgeted numbers for next year.

Moderator: The next question is from the line of Indrajit Agarwal from CLSA.

Indrajit Agarwal: I have 2 questions. First, going back to the display fab. Globally, what kind of ROCs these entities generate or these facilities generate? And does it make sense for us to go for it if there is no government subsidy?

Atul Lall: So, government subsidy and support is essential for taking this going forward.

Indrajit Agarwal: And what could be the...

Atul Lall: Sorry?

Indrajit Agarwal: And what will be the ROCEs broadly without -- I mean in global examples if you have done any study on that?

Atul Lall: So, if the government support is in line with what was there in the first ISM, then the ROC is extremely high. It's extremely margin accretive, and the payback is very, very short, but we are awaiting the government guidelines. And that's the way the project is being conceptualized.

Indrajit Agarwal: Sure. Secondly, sir, you mentioned that mass manufacturing for a couple of brands and laptops has already started. Have we recognized any revenue from laptops in this quarter? Or will it all come in 4Q?

Atul Lall: No, we have started recognizing, but it's a very small number as of now. We have started supplying to Lenovo, and we have already been supplying to Acer, but these are trial productions. The commercial productions in a small way have started. The volume buildup will take some time. The actual commercial production is going to start, the trials in February and the commercial production in April for the other larger global brands, that's HP and Asus.

Indrajit Agarwal: Sure. And does the delay in import restrictions change your timelines of the revenue that you had forecasted on a 5-year horizon? Or does it still remain intact?

Atul Lall: So, we are still maintaining that. And as we shared in the opening remarks, we are very close to signing a JV agreement with one of the largest ODM players globally in the IT product range. And that will give a very significant flip to our revenues in this particular business and also expand our product portfolio.

Indrajit Agarwal: Sure. My last question is on TVs. What kind of volumes or topline we did in this quarter? And was it significantly down Y-o-Y broadly?

Saurabh Gupta: Yes. So, Indrajit, TV volumes are definitely down. So, we did a volume of 3.8 lakhs in this quarter. And in the 9 months, we have done a volume of 19.4 lakhs. So there is a degrowth both in 9 months and quarter 3. So, yes, if you exclude -- in our presentation, we have shown that the refrigerator revenues have contributed INR166 crores out of the INR650 crores. So broadly, if you remove that, the TV revenues for quarter 3 was around INR470-odd crores.

Moderator: The next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: A couple of them. Sir, first one is on PLI incentive. There was an article in newspaper a few -- I think a couple of weeks' back, which spoke about some difficulty in receiving these PLI incentives. So could you just talk about, a, since inception, how much is the total incentive that you have booked versus how much is the incentive that you have received thus far? That's question number one.

Atul Lall: So the detailed numbers, our team -- Saurabh can share with you separately, I request. However, our incentive in mobile up to December '24 has been cleared. Our incentive for telecom for last fiscal has been cleared. For lighting and AC components, we are expecting to receive our PLI for the last fiscal in the current quarter. That's what the status is. For January to March quarter of mobile is under process. That's what the status is. The exact numbers, Saurabh, will be able to share with you.

Pulkit Patni: So approximately, what would be the receivable on PLIs?

Atul Lall: So PLI, our portion of receivables, which we have booked as an income...

Saurabh Gupta: Yes, basically to the extent of almost INR200-odd crores if we include all the 4 PLIs excluding...

Pulkit Patni: This is like just for the fiscal or this is cumulatively so far?

Saurabh Gupta: So this is basically our share of income which has been booked in the P&L.

Pulkit Patni: Okay. And receivable out of this?

Saurabh Gupta: Receivable basically would be this -- receivable, of course, would be a slightly bigger number because there's always a kind of a sharing also. So receivable number will be slightly bigger, but -- yes, so that number will be almost INR1,000-odd crores.

Pulkit Patni: Okay. My second question is on other expenses. If I look at sequentially, our revenue is slightly down. Let's assume it's even flattish. But we've seen other expenses come down by almost about INR60-odd crores. Just wanted to know were other expenses higher last quarter?

Is it under absorption last quarter? Because it's fallen from about INR298 crores to about INR227 crores in this quarter.

Saurabh Gupta: No, no. Other expenses is around INR155-odd crores. I don't know where you're looking at to -- last quarter you mean to say?

Pulkit Patni: Yes. I'm talking about sequentially. Just sequentially, our revenue I'm saying it's fallen a little bit, but it's almost flattish, but other expenses sequentially are down quite meaningfully, Saurabh. So I just wanted to understand like is it a quarterly phenomenon? Is it just that last quarter there were start-up costs?

Saurabh Gupta: No, no. It's basically a quarterly phenomenon. A lot of our operator wages cost gets booked under this set. So definitely, if you look at quarter 2, we had a revenue of INR11,500 crores. This year -- this time, it's around INR10,400-odd crores. So accordingly, the wages cost, the power cost and so would be the case of other overheads also would be slightly lower. And also, there's some exchange income, which is also booked.

So last quarter, we had some exchange loss. And this quarter, we have an exchange income. So that is also kind of positively reflecting, which is having an impact on the expenses as well. So part of the exchange income is booked under other income. And some part of the exchange income is booked under other expenses. It's netting all the other expenses, basically.

Moderator: The next question is from the line of Renu Pugalia from IIFL Securities.

Renu Pugalia: Firstly, I would like to congratulate for the way the business has ramped up, pretty impressive. If you see last 5 years, revenues have -- probably be almost 10x. Profit would be almost 6x to 7x. So my bigger question to you is, if you look at the diversification that you've announced and the existing growth in mobile EMS space, in the next 3 to 5 years, both for core portfolio as well as new diversification, what are the growth contours that we're looking in terms of size and scale of the business?

Obviously, you have highlighted, you would also look for probable equity funding for growth capital. And how are you investing in people and talent for these new diversification initiatives?

Atul Lall: So I feel that in India, in electronics manufacturing domain, we are sitting on a very, very large opportunity. And the first phase because of the prudent government guidelines, and also our team delivering fairly well of devices manufacturing and build large scale has already had happened.

The second phase is to make this much more efficient, much more cost-effective, have the factories which are world-class, even more frugal, more automated and robotized. So that, the government intervention, which has been through PLI, we are able to stand on our own feet and be most competitive. That's what partially has been achieved and in the future is going to be achieved.

Also along with this, the whole endeavor was to build a very large scale to generate an operating leverage because electronic manufacturing service industry is a low-margin industry and it requires a large operating leverage. Then we have always played extremely conservative in our capital allocation and management of our working capital and managing the balance sheet.

Now comes a large opportunity, which has to be again aligned with the thinking in the government that the future is going to be the component ecosystem. And that's what we are foraying into. We have already got into the display modules, and we are working on the other parts like mechanicals, the other parts.

We also feel that now is the time, the kind of scale that we are having and also India is having, that display fab is the future. So with the multiple businesses, large-scale foraying into components, foraying into a possibility of a large investment, again, in components through what I just shared, in certain products to have the design capability and India -- and Dixon to become globally competitive, that's the future. So I feel the numbers are going to be very, very large. And your question was extremely relevant that that requires a talent pool. So we are working on...

Renu Pugalia: Slightly different talent pool compared to what we have inducted over the last 5 years.

Atul Lall: That's right. So it has to be of a different order. For our component foray, we've already brought in a very senior resource from the industry. We've also recruited some expat talent. We're going to be building on much more expat talent. So that's the way it's going to be. So I think India and Dixon sits on a large opportunity.

What do numbers are going to look like? Yes, it's -- we have our internal numbers, but I think it will be slightly premature to share it with the stakeholders at this stage. But we are working on a larger picture.

Renu Pugalia: Got it. And just a small bookkeeping for Saurabh. If you look at ref portfolio, which is a part of consumer electronics, while revenue numbers are shared, how does the profitability of the ref business look as in today? And now when do we expect it to turn profitable? Because on a blended basis, margins of ref should have been much better than the television portfolio. So just trying to compare the margin mix and its impact of the business turning profitable.

Saurabh Gupta: So, Renu, the margins are profitable -- we are already profitable in the first 6 months -- or 9 months, sorry. We have done a volume of almost 0.6 million on the total capacity of 1.2 million. And because of the order book, we are further expanding our capacity. It's 100% ODM business, where we have 100-odd models across 190 to 235 liters. We're getting into new categories also. So we did a turnover in 9 months of almost INR500-odd crores. And it delivers to us a margin of around anywhere between 9% to 9.5%-odd. So it's delivering very good numbers. And the working capital is also pretty much in control.

And, yes, the gross blocks are higher, but the margin profile looks very promising, and we are now looking to get into other categories as well. So this -- within a short period of time I think so -- 8 months I think so, we have been able to take -- acquire some large marquee brands and take a large market share in the Indian market.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair: Yes. Sir, just one -- couple of questions. One is on the TV segment. If I look at it, the volume decline has been quite severe. So if here you can talk about what has been the reason for this volume decline, is it just purely demand or market share loss? And if I net off the profitability that Saurabh just spoke about in terms of refrigerators and the margins also seem to have fallen, so if you can just clarify firstly on that.

Atul Lall: So undoubtedly, this particular category, Bhoomika, the demand has been subdued. And also this year, Diwali was at a different time zone, so that also has an impact. So it's a combination of both these things, which has had a significant impact on this business. So when the volumes fall, obviously, there is a loss on the operating leverage side and the margin is impacted. So that's the state of this business.

Bhoomika Nair: Okay. So what kind of volumes can we look at for the full year?

Atul Lall: So we have done...

Saurabh Gupta: We have done around a volume of 19 lakhs, Bhoomika, and I think so we should close at somewhere around...

Atul Lall: 2.4 million or something...

Saurabh Gupta: Yes, 2.4 million or something. Yes.

Bhoomika Nair: Okay. Fair point. Sir, second is on a clarification on the PLI that you spoke about where INR200 crores kind of a PLI across all our schemes have been accounted. Now is this for the 9 months or for the full year?

Saurabh Gupta: This is for 9 months, Bhoomika.

Bhoomika Nair: And in this, how much would be only mobile?

Saurabh Gupta: So mobile will be a large part, almost to the extent of INR150-odd crores, yes.

Bhoomika Nair: Okay. And you said till December '24 our dues have been cleared for this...

Saurabh Gupta: I think the disbursement is about to happen. And the January to March 2024 should hopefully also get concluded in the next 1 month or so, hopefully, in this quarter, yes.

Bhoomika Nair: Sorry, until December '23, it has been cleared. So the fourth quarter of '24 is yet to be cleared. Is that understanding correct?

Saurabh Gupta: That's right.

Bhoomika Nair: Okay. Understood. And when you are accounting for the INR200 crores or the INR150 crores of the mobile PLI, that is for the current year volumes that you're doing, correct? So next year, once we complete the year, then we will give in for the processing and everything, and next year, we will actually get the money for the same.

Atul Lall: Yes, that's the way it works, Bhoomika.

Saurabh Gupta: Yes, yes. That's the way it works.

Bhoomika Nair: And in this, as mentioned earlier, there is no Xiaomi-related PLI that we have booked.

Atul Lall: Yes. In October, December, we have not.

Saurabh Gupta: Yes. We have taken a view to not...

Atul Lall: Yes. We have taken a view not to book it as of now.

Bhoomika Nair: Understood. Sir, the other thing was on the display fab that you spoke about. Can you give some color on what kind of asset turns, margins and return ratios that business could have possibly?

Atul Lall: So, Bhoomika, it is still in works, what we are looking at 8.6 generation technology. We are looking at 60,000 substrates a month kind of capacity. And this will be churning our products for the whole range of televisions, mobiles, laptops, tablets, automotive displays. It entails a capex of almost $2.7 billion to $3 billion. It can generate a revenue of almost $1.7 billion to $2 billion. It has a very decent operating margin. So I'm not in a position to share more details.

Saurabh Gupta: But, Bhoomika, it will be double-digit margins.

Bhoomika Nair: And similar profile of return ratios that we have in our core business as of now?

Saurabh Gupta: Absolutely.

Atul Lall: That's right.

Saurabh Gupta: Yes.

Moderator: The next question is from the line of Onkar from Shree Investments.

Onkar: Sir, if you look at the FY '25, it was all about mobile and EMS division. So can we safely assume that for '26 and '27, this will be the biggest driver for growth, for the next 2 financial years, at least?

Atul Lall: So mobile undoubtedly is going to be the largest piece. Please appreciate. It has the largest addressable market. Apart from that, we are also focusing a lot on IT products. As we shared with you, we are pursuing a potential JV with one of the largest ODMs. Also, telecom devices is a very high-growth business. Please appreciate. This is a JV with Airtel. This is a business and we generated a revenue of INR700-odd crores in '23, '24. We want to close at almost

INR3,000 crores in the current fiscal, and we hope to double it in the next fiscal. New capacities have already been created for that.

Similarly, refrigerator is already at INR600-odd crores. We are going to generate almost INR800-odd crores in the current fiscal, we are adding our capacity in two phases. In the first phase, we're going to take it up from 1.2 million to 1.5 million. And then we finally want to take it up to 2.2 million, adding new products in this particular business.

So these are all drivers of growth. And then, of course, we are looking at the component area very deeply. The first project of display module is already in works. The factory construction is happening. We hope to start production by Q2 of the next fiscal. And in that, we are planning and looking very seriously at expanding that product portfolio. So these are all drivers of growth for Dixon. And yes, so -- but obviously, mobile is the largest piece.

Onkar: Okay. With so much, with the plate being so full, I mean, what kind of funds you would require to support that kind of growth? I mean, looking for any fund requirement? I guess you had a proposal to raise, but I guess you haven't applied for it.

Atul Lall: So just wait please.

Moderator: The next question is from the line of Amarnath Bhakat from Ministry of Finance of Oman.

Amarnath Bhakat: Just want to ask two small questions just on the investment fund. Just two small questions. One, you can see this revenue is growing, but on quarter-on-quarter also on a 9-month basis, why our margin profile is slowly going down and operating margin is also 9 months basis came down from 4% to 3.5%, 3.7%, also EBITDA margin is slowly coming down. Anyway, our margin profile is very clean. Any particular reason why this profile is slowly deteriorating?

Saurabh Gupta: Yes. So basically, it's on account of the mix. So if you look at a large part of our growth is coming from mobiles as a vertical, which is relatively a lower gross margin, lower EBITDA margin business, and almost 70% of the revenues are now being contributed by mobiles. So that is the reason why because of the mix change, the margins at a company level look lower. But if you look at all the other parameters apart from the margins and absolute growth of revenues and profitability, the ROCE expansion, the current asset's management, all of them have been very, very positive.

Amarnath Bhakat: That's true. I'm just trying to understand the trend, because basically, most of your revenue comes from mobile, and it seems that the same trends continue. So how we look in going forward with this margin trajectory, how it will look like? It will be slowly going down in the way it is happening. Overall, the absolute numbers may be growing, but this margin profile will go down. Is it the trend we will look for? Or do you have a plan to change the product mix so that at least to maintain this 4% of margin?

Saurabh Gupta: So we are -- as we mentioned, we are investing in backward integration. So display is already -- we have narrowed down on a partner, and we are also looking for investment in other backward integration projects of precision components, mechanicals, die cuts, camera modules. So all these backward integration projects are generally are double-digit -- are margin accretive. They are mostly double-digit margins. So once they have -- once they start reflecting in the numbers, you will see the margin expansion.

So we feel confident that in the next 24 to 36 months, our margins in mobile segment, which is the largest play for us, can expand by almost 100 bps on account of this backward integration. And this display project will further be margin accretive. So you should see that margin expansion happening -- see that margin expansion happening every year starting H2 of next financial year.

Amarnath Bhakat: Okay. The second part of the question is relating to now...

Moderator: Mr. Aamrnath, can you please come back in the question queue. The next question is from the line of Keyur Pandya from ICICI Prudential.

Keyur Pandya: Congratulations on consistent performance. A couple of questions. First, on the mobile segment. So FY '26 being the last year of PLI incentives. Post that, in that segment, what kind of profitability that you expect in terms of margin? And I agree probably the absolute EBITDA would grow based on the increased volume. So how do you see, say, financial metrics changing in the mobile segment? That is first question.

Saurabh Gupta: Yes. Keyur, as I mentioned, our investment in backward integration, even after netting of that PLI income that we are booking, we feel confident that margins will expand in the next 24 months in this business. It will start reflecting in the numbers from H2 of next financial year as we get into the display business as well. So please be rest assured that the margins in this category will expand because of this backward integration projects.

So I've already mentioned that there is a possibility that margin can expand by 100, 120 bps over the next 24 to 36 months in mobile business. So a lot of work is being done on the manufacturing excellence side on automation robotics. Operating leverage is kicking in this business on account of higher volumes and also the backward integration. So a combination of all these factors, the margin should expand in this category.

Keyur Pandya: Okay. Just one follow-up to this. You have mentioned Q2 FY '26 as the period for commissioning of this project. Now this being, I mean, critical component and are we being new entrant and with approval cycle, when should we assume say real ramp-up in the volumes, revenue profitability from this segment, display module?

Atul Lall: So we feel that this should come in by '26, '27. See, this is a complex product. It requires approval from the customer side. It has to be aligned at the POC stage for every model, every SKU, so '26, '27, it should start kicking in.

Keyur Pandya: And you see any period in between before sunset of the PLI and increased contribution from display module that may be a short-term period, but just impacts our profitability or you are factoring that in and saying that there won't be such drop?

Atul Lall: No, it's not fair to look at it from that quarter-to-quarter angle, please.

Keyur Pandya: Fair enough. Just second and last question on the laptop side. So with -- I mean, government support or I would say some resistance from the brands on the import restrictions. You mentioned 5-year timeline more or less remains same. But over the next 2 years, what kind of ramp-up you see the numbers we have quoted in earlier con-calls that TV interviews, any change from those numbers to FY '26 or '27, what should we expect from laptop segment?

Atul Lall: So we'll still stand by...

Saurabh Gupta: We maintain those numbers, Keyur. And hopefully, this potential JV that we are targeting with a large global ODM, the numbers has the potential to increase from there. But yes, one has to wait and watch. But yes, we at least stick with those numbers that we had guided earlier.

Keyur Pandya: So that would be just to -- I mean, there is a lot of confusion. So just next year or -- next to next year, any ballpark number?

Saurabh Gupta: Yes. So next year, Keyur, I think so which is '25-'26 financial year, I think so we should be somewhere -- if not more, we should be somewhere at least around INR2,500-odd crores to INR3,000-odd crores.

Moderator: The next question is from the line of Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: So first question is just on the PLI, just a clarification. There was some media article about companies which have exited the target are also entitled for the unclaimed or unutilized PLI quota. If you could help us giving some clarity there, what kind of quantum if it was to be approved, what additional PLI we could be entitled for?

Atul Lall: So there is a provision in the mobile PLI of overflow. And that's what we are pursuing in line with. And yes, so we are pursuing with the government for that particular reimbursement. So that is it.

Achal Lohade: Any quantum you could indicate or...?

Keyur Pandya: Quantum and all, you can separately discuss with Saurabh.

Achal Lohade: Sure, sure. The second question I had with respect to Ismartu, if you could help us with the revenue and EBITDA PAT for the quarter because we see the minority interest has jumped quite a bit during the quarter. I presume that is partly driven by this particular entity.

Atul Lall: Yes, sure.

Saurabh Gupta: Yes. So we have mentioned that in our investor update as well. So in the quarter, we did revenues of almost INR1,900-odd crores for Ismartu out of that INR8,900 crores mobile revenues. So revenues from Ismartu was around INR1,800-odd crores.

Moderator: The next question is from the line of Nirransh Jain from BNP Paribas.

Nirransh Jain: Sir, first question is on the Vivo JV. I mean I want to check how much is the current outsourcing percentage right now for the Vivo India considering they have their own manufacturing facility and the press release mentioned that only part of the outsourced orders would be translated to this JV. So any ballpark figure that you can share as in what is the current outsourcing percentage? And what can Dixon expect in this JV like the volumes for the next 2 years?

Atul Lall: So as per the term sheet signed with Vivo, 67% of what Vivo sells in India would be manufactured in this JV. Does that answer your question, please?

Nirransh Jain: Yes, yes, great. That was very helpful. And this JV is expected to ramp up from 2H FY '26. Is that right?

Saurabh Gupta: Yes, hopefully. So basically, this JV would require an approval under the Press Note 3 as a new JV entity with the shareholding in which, yes, in which Vivo also hold 49%. So as and when that approval comes in, the JV would get operationalized and then the manufacturing should start, yes. So broadly, you can take around 6 to 7 months from here onwards.

Nirransh Jain: Sure, sir. And sir, just some bookkeeping question on the volume. So is it also possible to share the Samsung phone volume for this quarter and the home appliances, how much were the volumes for the semi-automatic and fully automatic machines?

Saurabh Gupta: Samsung volume for this quarter was around 17 lakhs, 1.7 million. And the semi-automatic washing machine volumes for the quarter was around 3.6 lakhs and fully automatic was 0.8 lakhs.

Moderator: The next question is from the line of Nattasha Jain from PhillipCapital.

Nattasha Jain: Sir, firstly, congratulations on the brilliant scale-up of your portfolio of brands and within the stated timeline. I have two questions. One is, until Diwali, there was slight cheer in the market. But post that, we've seen slowdown in all the white good categories, barring room air conditioner. Now you're not there in RAC definitely. But on the other side of the white good category, sir, what are you hearing from your customers in terms of the near to medium-term demand? How is the market shaping up?

Atul Lall: So, Nattasha, the market is still slightly subdued. There has been some positivity in the current month as compared to the last quarter because the last quarter was post Diwali. But still the buoyancy that will excite us is still awaited.

Nattasha Jain: Understood, sir. And sir, my second question is a couple of weeks, rather a month ago, we read on the secondary sources that Apple is now looking into diversifying its supplier base for component assembly, especially on the non-iPhone portfolio. So Dixon has always maintained a stance that we want to become leaders in the non-Apple category or the non-Apple ecosystem. Firstly, are we still maintaining that stance? If not, are we in talks with Apple or any of their partners for AirPods or all the other non-iPhone category?

Atul Lall: Nattasha, I'm sorry, we have never said that we are going to be leaders in the non...

Saurabh Gupta: Non-Apple category.

Atul Lall: That you're talking about. What we had said was that we have pursued and we have been fortunate to build a large portfolio in the Android category. So that's all what I can say. Any other thing, it will not be prudent for me to comment on, please. Please appreciate.

Moderator: The next question is from the line of Deepak Krishnan from Kotak Institutional Equities.

Deepak Krishnan: Just wanted to check on a follow-up from Pulkit's question. You indicated close to INR1,000 crores of receivables while you indicate for PLI, but you've indicated that you've got money till December of last year. Just wanted to double check is this number correct, the INR1,000 crores number that you're indicating?

Atul Lall: That's right. So that number is correct.

Saurabh Gupta: But this INR1,000 crores is also to be passed on to the customer and the cash is passed on to the customer only when we receive the money.

Atul Lall: So there is no working capital from...

Saurabh Gupta: From Dixon side.

Deepak Krishnan: Okay. So the net impact would be just, say, 33%, 40% for us.

Saurabh Gupta: INR200-odd crores.

Atul Lall: That INR200-odd crores that we mentioned is our share basically.

Saurabh Gupta: That's the number.

Deepak Krishnan: Sure, sir. And maybe just wanted to sort of understand, I think you've sort of given a good insight into the display, the cost, the asset terms, all of it. But when we're sort of looking at doing this, how are we looking at outside the PLI period? I assume we get 70%, 75% PLI incentives, you set it up for the first 5, 7 years, that works. But how do you look at this business because the real risk is essentially generating ROCs even after the incentives go out. So just wanted to sort of understand your viewpoint over it.

Atul Lall: So this is not an operational PLI. This is a capex subsidy.

Saurabh Gupta: This is a capex…

Deepak Krishnan: Yes. So yes, it's similar to the OSAT facilities, all of that. We get that 70% capex subsidy comes through. That's for the first, whatever 60,000 substrates that you indicated. But what happens after that? How do you look at incremental investments beyond the PLI period and ROC?

Atul Lall: No, no, it's not a PLI period or anything. The cost compresses significantly and your payback is amazingly fast. And in any case, you're producing a product, you're producing at a cost which is produced anyway, anywhere globally. So that's the math. It's not dependent on PLI. It is dependent on the government's capex support.

Deepak Krishnan: Yes, sir. Sorry, I'll probably take it offline with Saurabh because I understand that 3 billion, you will get 70% subsidy. Let's say, you go for next round of capex. How do you sort of catch that essentially, that was my question? But if not, I'll take it offline with Saurabh.

Moderator: The next question is from the line of Shrinidhi Karlekar from HSBC.

Shrinidhi Karlekar: Sir, would it be possible to comment on the telecom business profitability for the current year? And how is it likely to improve as you aim to double that business?

Saurabh Gupta: Yes. So broadly, the margins are similarly or slightly better than what we do in the mobile business. So it's around 3.5% to 4% kind of an EBITDA margin business. And the revenues, you mentioned that we did almost INR1,000-odd crores. We have a strong order book. So that INR1,000 crores run rate should continue. In fact, it should get better in the upcoming quarters. So you can broadly assume a, yes, 3.5% to 4% kind of EBITDA margin business.

Shrinidhi Karlekar: Right. And second, sir, you alluded to the Oppo volume being around 7 million to 8 million next year. These are just Oppo volume or these include Oppo plus Realme?

Atul Lall: So this is basically Realme.

Saurabh Gupta: Realme volumes.

Shrinidhi Karlekar: Right. Okay. And the last one, if I may. Would it be possible to tell us the broad range of investment that you would be making to acquire 51% stake in the Vivo manufacturing JV?

Atul Lall: If you don't mind, that's slightly...

Saurabh Gupta: As of now it is confidential. At an appropriate point of time, we will definitely disclose that.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to Ms. Bhoomika Nair for the closing comments.

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

Atul Lall: Thank you, Bhoomika, and thanks all the participants. Really appreciate it for your support. Thank you so much.

Saurabh Gupta: Thank you, everybody. Thank you.

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