



“Dixon Technologies Q2 & H1 FY2018
Earnings Conference Call”

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ANALYSTS: MR. NIKET SHAH – MOTILAL OSWAL SECURITIES LIMITED

MANAGEMENT: MR. SUNIL VACHANI – EXECUTIVE CHAIRMAN – DIXON TECHNOLOGIES

MR. ATUL B LALL – MANAGING DIRECTOR – DIXON TECHNOLOGIES

MR. GOPAL JAGWAN – CHIEF FINANCIAL OFFICER – DIXON TECHNOLOGIES

MR. SAURABH GUPTA – SENIOR VICE PRESIDENT – STRATEGIC PLANNING & INVESTOR RELATIONS – DIXON TECHNOLOGIES

Moderator: Ladies and gentlemen, good day and welcome to Dixon Technologies Q2 & H1 FY2018 Earnings Conference Call hosted by Motilal Oswal Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. I now hand the conference over to Mr. Niket Shah from Motilal Oswal Securities. Thank you and over to you Sir!

Niket Shah: Thanks Ali. We at Motilal Oswal are extremely pleased to hold this first concall post listing of Dixon Technologies to discuss Q2 as well as H1 FY2018 results. From the management we have Mr. Sunil Vachani, Executive Chairman of Dixon, Mr. Atul B Lall, Managing Director, Dixon, Mr. Gopal Jagwan, CFO, and Mr. Saurabh Gupta, Senior Vice President, Strategic Planning and IR. I would now hand over the call to Mr. Atul Lall for his opening remarks post which we can open the floor for Q&A session. Over to you Atul!

Atul Lall: Good afternoon everyone. Thanks very much for taking out your time please for this call. I will first give you the snapshot of our numbers for both Q2 and H1 and then we can get into the question and answer session.

The consolidated revenue for the quarter ending September 30, 2017 was Rs.881 Crores as compared to Rs.751 Crores showing a growth of 17%. The consolidated EBITDA for this quarter was Rs.37 Crores as against Rs.28 Crores in this corresponding period last year showing a growth rate of 31%. The consolidated PAT for this quarter was Rs.21 Crores against Rs.16 Crores for the same period last year showing a growth of 33%. On the half yearly basis the revenue up to September 30, 2017 was Rs.1578 Crores as compared to Rs.1192 Crores for the corresponding period last year showing a growth of 32%.

The consolidated EBITDA for half year was Rs.59 Crores compared to Rs.47 Crores last year and showing a growth again of 25% and the consolidated PAT is Rs.31.5 Crores for first half against Rs.25 Crores showing a growth of 26%.

Coming specifically on to the vertical wise performance, I think there has been stellar performance from the lighting products as a vertical wherein we have had a growth of almost 73% in our revenues and similarly in the consumer electronics we have had a growth of 48%, so the two verticals have done extremely well. Another significant thing is that we have started manufacturing of our LED televisions in our Tirupati plant, which we had shared with you during the various interactions earlier. This is absolutely as per the schedule and very shortly in the next four to five weeks' time our other product line of CCTVs and digital video recorders and security surveillance systems, the production also is going to start. We have an extremely good order book in home appliances, washing machine verticals for the balance half and in the last six months we have added many new customers. In home appliances as a segment, we have added Samsung for the first time, which is on an outsourcing mode and they have selected us as their partner. So Samsung washing machine production has already been launched.

In the lighting vertical, we have acquired new customers in Wipro, Panasonic, Anchor, and Bajaj. The latest addition to the customer list is Crompton. The television vertical now we are strategic partners of Flipkart for their private label mark and the consignments have already been dispatched, which have been very well received. We are in negotiation for our other verticals and the verticals that I just shared on some new customer acquisition and the order book is in line. The business looks to be in line with what we have been sharing with you various interactions and we feel that the coming quarters are going to be very, very healthy, so that is it and I would like to now open up for the Q&A.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Sujit Jain from HDFC Securities. Please go ahead.

Sujit Jain: Sir you spoke about the order book being robust in washing machines, if I look at the six month numbers the home appliances numbers are Rs.97 Crores versus Rs.100 Crores, so almost flat there and also if one looks at mobile as an opportunity, which the company has been talking about as a big opportunity, there also in terms of the first half numbers Rs.434 Crores versus Rs.400 Crores, so is this lumpiness eventually we can take off from there?

Atul Lall: Sujit let us first talk about the washing machine numbers, there is a small degrowth in H1. One this is an accounting issue. If you look at our revenues for H1 in 2016-17, they included excise duty component in revenue that was declared because it was on the input side because this was being build out from exempted units, but post the GST the excise duty input component is not there, it has been transferred to the GST in the value chain, so that is one reason. So if we do apple-to-apple comparison there would be a small growth. Second thing if you see, if you see the numbers of 2016-17, the H2 numbers were significantly better than H1 numbers. Thirdly in washing machine, we have gone in for a model mix expansion and also we have gone in for a capacity expansion and we had a new customer an extremely demanding customer in Samsung. So ramp up challenges have now been absolutely overcome and that the order book is extremely healthy let me assure you in the coming quarters. Now when we are looking at mobile again it is a very large opportunity for us and we are in discussion for enhancing our capacity utilizations with some very major customers. I will not be able to share with you the names at present, but please be rest assured that as we had shared with you earlier that in both these verticals we are on a very, very solid footing.

Sujit Jain: And in reverse logistics though as a percentage of revenues of small segment we have had higher margins, but if I look at the six-month number 13.1% EBITDA margin versus 23% if I look at even for the quarter 6.2% versus 23%, so what led to the fall of margins?

Atul Lall: See there are two things now in this. One in this we are in three verticals. We are into set top boxes, we are into mobile phones, and we are into TV display repair. Set top boxes because of the digitization almost getting completed is on a flat note, which I have been sharing earlier also. In mobile and TV display repair, both are on an extremely good growth path, but then these

things to ramp up customer acquisition and actual execution it takes some time. So in the coming quarters, this would be back on track let me assure you on that.

Sujit Jain: No my question see Sir if I look at the revenue increase it has been a 50% and 30% increase for the first half and for the quarter despite that the margins are down?

Atul Lall: A lot of revenue increases primarily because of our spare part management business right. This is more of a pass through business, so when you look at the actual refurbishment and the repair business, it is not the case like that right. So Gopal can share the numbers separately on this.

Sujit Jain: One last question if I may is we have hit a 100% capacity utilization in consumer electronics, so what kind of capacity addition, which we spoken in our presentation Tirupati LED TVs, which we have started, so what kind of capacity expansion we are undertaking there?

Atul Lall: Finally we would go up to almost 1.9 million to 2 million televisions. At present, it is 1.2 million to 1.3 million.

Sujit Jain: And if I may just squeeze in one more question is about the ESL contract from Phillips, what is the status of that, what was the last order from them and what is the expectation for two years that is in FY2018 and FY2019?

Atul Lall: So there was an allocation of ESL tender to Phillips, which presently we are executing, so the tender is almost for 30 million box, which is at present in the execution form and through informal sources my information says that ESL is coming up with another tender of 50 million.

Sujit Jain: Sure. Thanks.

Moderator: Thank you. We will take the question from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Sir my first question is on the washing machine business. Just wanted to understand how is the ramp up of Samsung contract happening and is there typically a seasonality in margins of this business because even in last year we had H2 margins being significantly better than H1 and even this year H1 margins have been slightly on the lower side?

Atul Lall: So Samsung now the production has stabilized Aditya. It is for normal execution mode. The ramp up challenges has been overcome. The capacity that we have planned is now almost getting executed, the order book is healthy and you will see a significant improvement in the washing machine numbers in the H2.

Aditya Bhartia: Sir is there a seasonality margin?

Atul Lall: See as I just shared with Sujit also that some similar numbers the similar kind of trend was there in the last year numbers as well.

Gopal Jagwan: So Aditya basically last year we delivered a 16% EBITDA margin for the entire year, but if you look at the first six months the margins were around 12% to 12.5%, so in the similar scenario in this H2, the H2 will be significantly better than H1 and we are hoping that it will go to similar level of margins by the end of this financial year.

Aditya Bhartia: Right, but I am curious as to why typically there is a difference between H1 and H2 margins to such a large extent in this business?

Atul Lall: First let me just explain to you. I would like to pick up a comparable in lighting. If you see our lighting numbers for H2 last year, there was a dip in the EBITDA margin. The reason for that is that when you are ramping up a capacity the ramp up increases your fixed cost for a certain period of time right and then you start delivering from that capacity build up, so you would have I presumed observed in the lighting numbers, there was significant growth in the EBITDA margin expansion as well both in revenue as well as EBITDA margins. The same is the case in washing machine that when you are ramping up your capacity and expanding your product portfolio, you build upon a certain fixed cost, which is going to deliver to you in future, so that phase I am assuring you has already been completely brought under control and the numbers again is going to be having the same healthy growth.

Aditya Bhartia: Understood Sir!

Atul Lall: We had expected that this whole operation would come under control by August, but I think we have taken another 30 to 45 days to bring it under control that is all about. This is what I want to share with the house that please appreciate that we have had an extremely difficult month of May and June, so one month in the whole six months has been completely wiped off and there has been an erosion in the numbers to the tune of almost Rs.10 Crores to Rs. 11 Crores, which has had an impact. Now all that is back to normal and things are good.

Gopal Jagwan: Because your fixed cost would basically remain the same, you do not make an adjustment short term adjustment to any manpower and that is the reason why the margins in H1 slightly look lower.

Aditya Bhartia: Correct and in lighting business Sir as you pointed out, we have had a stellar quarter and half year, now margins in this segment have moved up quite sharply what would you attribute this to is it on the back of backward integration or launching new products as well?

Atul Lall: Right through we have been maintaining that our strategy is scale. The low cost backward integration and automation migrating more and more to ODM and acquiring new customers, so all these have fallen in the right slots in lighting. You have seen a significant revenue growth. You have seen the significant increase in the ODM share of business. We have acquired new customers and in fact even now if you see the first six months analysis of our revenue only 15% is coming from the other customers and in H2 the kind of order book that we have from other customers like Wipro, Crompton, Panasonic, Anchor, so this is going to be on a further multiplier effect number, so a combination of these things, which is a strategy in the company has played

well in lighting or possibly played the best out of all verticals in lighting and we are sure that it is going to happen in the other verticals as well.

Aditya Bhartia: Understood Sir and lastly on the tax rate, we have seen an increase in tax rate in the first half should we continue to expect 30% kind of number going forward as well?

Atul Lall: The tax rate has increased from almost 25% to 30%. Now one of the reasons for that is that there has been a profitability dip in washing machine as a segment. In washing machine unit, the tax exemption still continues, so we will come back to you on that number that what will be the possible taxation rate at the end of the year because the washing machine numbers in the balance six months significantly improved, but as of now you consider it as 30%.

Aditya Bhartia: Understood Sir! That is really helpful. Thanks a lot.

Moderator: Thank you. We will take the question from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Good afternoon Sir and congratulations for the strong set of results. Two things I think business wise you have given enough comments. I wanted to just understand on the debt side when do we expect to ease out on the debt front and further deleveraging coming through, first half yearly we have not seen as still there is amount of increase on debt on books?

Gopal Jagwan: Basically if you bifurcate the whole debt into the short term debt and the long term debt, so if you see the long term debt the number of Rs.10 Crores has not changed between March 31, 2017 and September 30, 2017. It is only the short term working capital requirement, which has increased from Rs.33 Crores to Rs.66 Crores and that is basically because of increased working capital requirements in the business, our increased sales of the lighting business, and of course you should appreciate that as Mr. Lall mentioned that we had one full month of where we had hardly any sales. The whole cash flows in that particular month got impacted. So that is the reason why the debt is looking slightly higher, but the next six months you will see the debt sales coming down and the short term debt should come down in the next six months.

Saurabh Gupta: I just want to add one more thing Renu if you have seen the AC scenario, the **(inaudible) 18:17**. Earlier, the tax we have paid at the time of sales. Including that also working capital requirement has increased.

Renu Baid: Because in this quarter if you see essentially our sales was primarily driven by the lighting segment where it was more OEM driven sales hence the question that the working capital has increased despite washing machines our OEM driven business is not increasing much?

Atul Lall: Renu as Gopal just shared with you there were two, three views. One because of the implementation of GST there is a 14% direct impact on the working capital because of the expectation we are paying that 14% additional, which was not being paid earlier. Because of the June performance wherein the complete destocking took place again because of the GST, the inventories went slightly more than our normal norms, so this combination, but please be rest

assured there is no come back to the original level about the end of this fiscal. We are confident about it.

Renu Baid: Sir we did mention that we also had input as an impact because of excise on the YOY sales number, so will it be possible for you only for the purpose of understanding give a comparable apples-to-apples growth number and individual categories?

Atul Lall: We can do that.

Moderator: Thank you. We have the next question from the line of Nitin Arora from Aviva life insurance. Please go ahead.

Nitin Arora: Sir in terms of Samsung if you can elaborate a little bit what size of units they are asking you to make on a monthly basis because what we understand they are planning to launch another semiautomatic where they are going to do in-house manufacturing, so just wanted to understand is something they want to phase out, they are taking their time because they have their market share of these semiautomatics, so if you can just throw some light what is the monthly run rate they are giving it to you?

Atul Lall: So at present we are doing two platforms for them.

Nitin Arora: Sorry Sir!

Atul Lall: At present we are doing two platforms in semiautomatic washing machine for them and they are asking somewhere between 15000 to Rs.20000 machines per month and this is what the forecast and the order book looks like and please be rest assured that these models are not going to get disturbed whatever maybe their strategy.

Nitin Arora: So current run rate what you are manufacturing, which is let us say for this quarter was a 15000 to 20000 for a month in this quarter?

Atul Lall: What we have delivered to them is somewhere between 25000 to 30000 machines till now, but the run rate is around 15000 per month.

Nitin Arora: Sir is it possible to give a volume in the ODM revenues of a consumer electronic, lighting and home appliances only the ODM volume per unit in millions or let us say in lakhs?

Atul Lall: We will come back to you on that.

Nitin Arora: My second question is related to the tax part. I understand the washing machine is still not effective to the full tax rate, but is it for the next year eventually your tax rate has to be 30% to 31% because it will go out right, this is one year window only left or is it more?

Atul Lall: It is one year window.

- Nitin Arora:** Thank you very much Sir! All the best.
- Moderator:** Thank you. We will take the question from the line of Dhawal Shah from Girik Capital. Please go ahead.
- Dhawal Shah:** Sir just one question. Sir during this quarter our margin per piece in all the categories has it changed or it remained constant from Q1 or FY2017 numbers?
- Atul Lall:** We will have to analyze vertical by vertical, the lighting is expanded.
- Dhawal Shah:** Sorry.
- Atul Lall:** The lighting has expanded as a percentage. When we are looking at televisions, in the absolute numbers there is a significant growth, but since the OEM part of the business had a massive increase as a percentage there is a dip in percentage margin.
- Dhawal Shah:** Every sharp per piece or margin plus per piece in TVL gone down because OEM has increased?
- Atul Lall:** That is right.
- Dhawal Shah:** This OEM increases from the Panasonic only or some other customer?
- Atul Lall:** It is primarily from Panasonic, their volume will be increased in this first half.
- Dhawal Shah:** This Flipkart delivery you have started, is it there in this quarter or it will be from third quarter?
- Gopal Jagwan:** It will get reflected in Q3.
- Dhawal Shah:** In washing machine how has been the margin per piece in this first half?
- Atul Lall:** In washing machine in the first half when we compare it with the first half of last year there is a dip of 0.7% in the margin, but we are confident in the margin that we are going to get restored in the second half because all the production has stabilized and the fixed cost that we have created for increasing the capacity is going to start delivering the results.
- Dhawal Shah:** Our case of increasing the margin was also supposed to come over next two to three years for our company by doing some backward integration. For example, in the washing machine you are planning to do some porters in house, lights also doing some (inaudible) 24:37, so have you started any working on that or still you are yet to start?
- Atul Lall:** The backward integration project let us say lighting on the inductive side in the north side and also on the plastic side is already on the anvil it is being called upon and we will come back to you with the plan, what we have shared with you the focus in the strategy is the same and fusion also will be now exploring the motor project very shortly.

Dhawal Shah: Currently for Samsung just you said they are only in semiautomatic, we have not started for any company?

Atul Lall: At present the whole revenue is coming from the semiautomatic category only, but as get shared during the various interactions earlier that the automatic top loading is in the planning stage.

Dhawal Shah: How is the competition behaving say for example now Samsung has just started with outsourcing models and we have also exciting customers in terms of competitions of market, what is the intensity you are seeing over the last two years?

Atul Lall: I think in Dixon we have a very significant advantage, which we have been harping for a scale, we are in a lead position in all our categories. So the complete product portfolio that we are having, the deep customer relationship that we are having as a manufacturing strategy of fungibility of asset I think as far as the cost competitiveness is concerned, we will always be in the top most category in industries, so we are extremely confident about this now.

Dhawal Shah: Last question, this imports of PCB any action by government effects on that?

Atul Lall: Sorry just come again on that.

Dhawal Shah: Our imports of PCB so government was planning to...

Atul Lall: I presumed you are referring to PCB for mobile right?

Dhawal Shah: Yes.

Atul Lall: There is a stage manufacturing program in which duties of 10% is expected to be imposed by the government in the next budget and the industry is really pushing for it, and the government has also absolutely in line with that. So we feel that it is bound to happen and we are gearing up for deepening our manufacturing, so we are working upon our plans for setting up PCB plant as a empty lines in the next four to five months in mobile that is indeed a very large opportunity for us on which we are okay. The whole strategy is absolutely the same what we have been sharing through our international and road shows earlier and we have huge conviction in what we have been sharing and this is what we are pushing and the results have come in spite of huge challenge of GST and we now feel that there are no more headwinds in the business it is only the tailwinds, order book is healthy, the strategy is in place, just execute, execute, execute.

Dhawal Shah: Overall in terms of the sales of your **(inaudible) 28:21** in terms of the momentum say for TV repair, Panasonic, washing machine by customer, so how is the momentum in the sales is it good?

Atul Lall: We are extremely bullish on both lighting and washing machine. We feel that televisions it is a normal situation that post Diwali there is a small dip for a month to television demand, it builds up more on Diwali, but it is going to be back on track from the next quarter. Mobile also we are

in the process of discussing some very large new customers, so we feel that in Q4 it is going to be healthy.

Dhawal Shah: Washing machine is big in terms of the demand is slightly more?

Atul Lall: Absolutely, in washing machine the peak period starts in delivery December, January.

Dhawal Shah: Great Sir! Thank you very much and good luck.

Moderator: Thank you. The next question is from the line of Suhrid Deorah from Mentor Capital. Please go ahead.

Suhrid Deorah: Just two quick questions. One is on the previous discussion you mentioned you have been putting up a plant for PCBs. Could you just repeat the location on that?

Atul Lall: It is going to be in Noida.

Suhrid Deorah: The second question was on the mobile side, I think you mentioned that you are working hard on building the order book and you have seen the future has been robust. Could you explain why last quarter versus this quarter decline of 50% I missed your comment on that?

Atul Lall: One of our customers in the market place, there was certain stress that was the reason, which impact the number. As the discussion that we are having at present is that our partner is already partnered Airtel for the operator they sell phones, so that manufacturing is taking off in our factory that is a Karbonn-Airtel combine and also we are in, I am not in a position to share the name of the customer, but we are in advanced stages of discussion with a very large customer, which hopefully should mature.

Suhrid Deorah: So you said that the first customer has been on the stress, but you are saying that will get compensated through his new JV with Airtel is that right?

Atul Lall: Just to share with you. In the first half, there was pressure on sales in the market place so that impacted the numbers right. Now our partners Karbonn is already partnered with Airtel for sale of smart phones, which you would have read in the paper what they had done is doing the device sales. So that manufacturing is taking place in our mobile factory, so order book is getting compensated. Before that we are in discussion with some very large customers and hopefully we should be able to have those orders in place by Q4.

Suhrid Deorah: For Q3 we expect to see the same run rate?

Atul Lall: It is almost similar run rate.

Gopal Jagwan: In Q4 that we have rebound in revenues and profitability.

- Suhrid Deorah:** Related point was there was an article on the newspaper maybe a month ago about the whole number of new mobile unit being set up in Greater Noida, type of work, could you comment on the competitive pressures that you are seeing either pressure that you are seeing if any?
- Gopal Jagwan:** Can you just come again on the question please?
- Suhrid Deorah:** Article in newspaper a month ago, there are whole number of new mobile manufacturing units have been set up in the Greater Noida area, I just wanted to get your thoughts on any increased competitive intensity because of this?
- Atul Lall:** At present I think we are in a very deep relationship with our anchor customer, so I think we are assured of a certain order book that is point number one. The second is what is going to differentiate in a very near future between us and the competition is going to be the case manufacturing program of the government. Many units that I mentioned is I doubt if they would have the bandwidth of getting into PCB that is a different technology and in our case that is a core, surface mount is our core and that is what is going to set us apart from what we are doing at the first level of manufacturing. The second thing is that as a strategy always we have tried to encircle a customer by offering him the whole array of services so no other manufacturer offers the services of reverse logistics, so what we are doing for Gionee or what we are doing for Panasonic is not only the manufacturing we are offering them refurbishment we are doing for them, we are doing for them repairs, we are doing for Gionee even the spare part management. So I think these two elements really set us apart from many other competitions.
- Suhrid Deorah:** Thank you for that.
- Moderator:** Thank you. We will take the next question from the line of Sujit Jain from HDFC Securities. Please go ahead.
- Sujit Jain:** ODM as a percentage of revenue division wise can you share?
- Gopal Jagwan:** Yes, we have already shared a percentage of revenues anything specific that you are looking for?
- Sujit Jain:** You shared in that those numbers in the presentation you said?
- Gopal Jagwan:** ODM percentage in all the three verticals and the comparison with the same period last year both in H1 and Q2.
- Sujit Jain:** I will take it from there and one question is on the SGST benefits for the Tirupati plant, we started discussions from where for LED TVs, etc., how has been our experience in terms of this mechanism, how would have this worked, is that we pay first and then we get a refund right?
- Atul Lall:** We have an SGST exemption in Andhra Pradesh for eight years and the way it is being worked out is that we are going to deposit it for the first three months and then they will keep on refunding.

- Sujit Jain:** For the first shipment, how has been the experience in terms of the refunds because some of the states as we here on ground, our delaying refund because of their finance position?
- Atul Lall:** I do not think that is the situation in Andhra Pradesh because they are extremely committed and positive, although in our case because they have just started production in September in Tirupati, so we still have to go through the exercise, but my personal feeling is in Andhra Pradesh that is not supposed to be the case. In the changing of democracy where even the ministers there is no such mention of thing that there is a paucity of fund which could have impacted. In fact they are working on easing the system for this refund.
- Sujit Jain:** Thanks.
- Moderator:** Thank you. We will take the next question from the line of Dhawal Shah from Girik Capital. Please go ahead.
- Dhawal Shah:** One followup question. We are planning to do any business with Vivo and Oppo mobile phone?
- Atul Lall:** Sorry.
- Dhawal Shah:** Are you planning to do any business with Vivo and Oppo the mobile phone brands?
- Atul Lall:** At present we do not have any business with Vivo and Oppo. They have their own manufacturing units, but we have an array of services in mobiles, so it is not only manufacturing a large potential in mobiles is also going to be is reverse logistics, so we will definitely explore and we are working on it.
- Dhawal Shah:** So currently these two companies have their own manufacturing unit?
- Atul Lall:** Yes, they have their own manufacturing plants.
- Dhawal Shah:** Is they manufacturing or assembly, the way we do for Karbonn so they do the same thing, they assemble the phone or they simply manufacture the phone?
- Atul Lall:** What we do for manufacturing mobile phones, their depth of manufacturing at present is similar, but please appreciate that electronics manufacturing is assembly focused, now that has its own depth and that is what it is.
- Dhawal Shah:** Thanks.
- Moderator:** Thank you. The next question from Renu Baid from IIFL. Please go ahead.
- Renu Baid:** My line got disconnected earlier. Two more questions. First on the lighting segment, if we see for the industry overall even for this financial year, CFLs continued to see a sharp decline and for us overall lighting portfolio has grown by almost 73%, so if you can just help us understand within

the portfolio how is CFLs done, how was the growth for LEDs and also what are the kind of new products that we are looking to add in the next 12 to 15 months?

Atul Lall: Renu, the maximum growth has come in from LED bulbs and both B2C as well as data and also acquisition and getting into deep relationship with other brands, which I mentioned to you Wipro, Panasonic, Anchor, Bajaj and Crompton that vertical has grown the most. However on the CFL side then market definitely has declined, but now the market is at a stage when it is at a consolidation level, so there is no more decline taking place in fact our numbers of CFLs have increased in the last quarter. Now Phillips is in the lead position and they continued to be at 1.4 million, 1.5 million in fact various other brands are sourcing from us through Phillips using the Phillips tube, so we are supplying through Phillips to various brands like Orient or Eveready or Havells, so I feel that now the safer volume would continue to get 1.3 million, 1.5 million per month, which has dipped to almost 0.7, 0.8 and exports order book is also pretty healthy, it is going to be somewhere between 1.8 million to 2 million so that is what it is. Now the other vertical that has grown is primarily tubelights and battens that has also had a significant growth. Also one product portfolio that has tremendous increase is the outdoor drivers, which we do mainly Phillips and Phillips is the most dominant player, this outdoor drivers used in the LED street lights and there are large tenders coming from ESL and from the other government bodies and the state government bodies for the street lights and we are major supplier there to the industry through Phillips, so all across there are growths all over. Now in new product what we are ready with is 2.2 that is a commercial light and we will start market, it is right way to the various brand owners and also our LED street lights solutions are almost ready, so we have been taking it to the market in the month or so, so these are the new two product conditions.

Renu Baid: And both these products are on ODM basis right?

Atul Lall: It is all ODM.

Renu Baid: Second Sir, within the consumer electronics we also have portfolio, which relates to PCB for Daikin, for their inverter ACs, can you help us understand what has been the growth for this category?

Atul Lall: We have a strategic tie up with the Japanese designer **(inaudible) 41:14** this is probably an EMS activity so we manufacture the inverter based AC, PCBs, controller PCBs for Daikin. Daikin is a brand is doing extremely well in India and also the market is shifting to more and more inverter based solutions. There is a very large scope in this business, very, very large scope. Daikin has set up a second factory in Neemrana where they are expanding the capacity and large order book is there when they take Dixon on this. So I will ask Gopal to separately share with Renu the exact numbers on the growth that I would not have it often, but this is again a huge buoyancy business.

Renu Baid: Not a problem. Thank you so much Sir for your comments.

Moderator: Thank you very much. That was the last question in queue. I now hand the conference over to the management for their closing comments.

Atul Lall: Thanks very much for joining us on this call and our strategy, our conviction, our faith in the business model is extremely strong. We feel that there are no more headwinds to our businesses anymore, so we feel very good and extremely positive results in the coming quarter, let me show you on that.

Saurabh Gupta: If you have any followup question you can write into Gopal as well as me saurabh.gupta@dixoninput.com or gopal@dixoninput.com. Thank you very much for taking time for the call.

Moderator: Thank you. Ladies and gentlemen on behalf of Motilal Oswal Securities that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.