



Consumer **Electronics**  
Lighting **Solutions**  
Home **Appliances**  
Reverse **Logistics**  
Mobile **Phones**  
Security **Systems**



ENDURING  
**LEGACY.**  
EXCITING  
**FUTURE.**

# OUR PROGRESS IN 2018-19

## Revenue from operations

(₹ in million)



## EBITDA

(₹ in million)



## PAT

(₹ in million)



## Employee strength

(in Nos.)



**Note: The above figures are on Consolidated basis**

The key to a promising and prosperous future often lies in the hands of a lasting legacy. Every year is a tryst with both challenges and opportunities. And every challenge is an opportunity for a stronger and worthier future. Dixon believes that setting boundaries is to set one's own limits and we as a team are upbeat about crossing every frontier. This year has been a triumph in terms of our persistent focus on greater accessibility, acquisition and strategical execution and the bounty of our hard work remains exemplary.

For a successful journey to the destination of a golden future, the onus remains on excellence. We at Dixon have actualised in reality, the fable of an enduring legacy, of pioneering and path-breaking work, for sustaining a better today and augmenting a brighter and exciting tomorrow!

## Forward-looking statement

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forward looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# INSIDE THE **REPORT**

## Corporate Overview

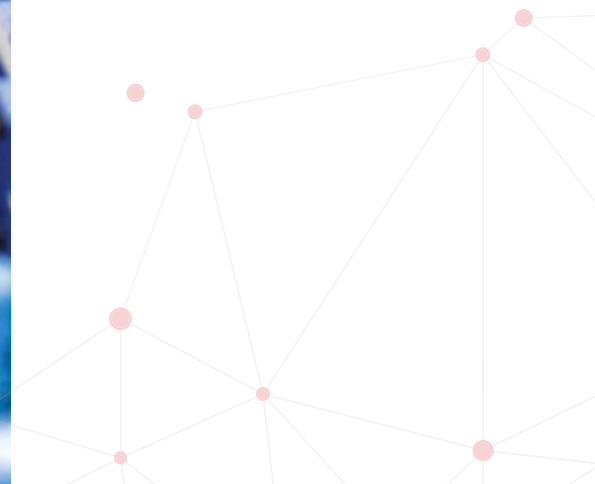
02	Dixon at a Glance
04	Quarterly Highlights
06	Our Business Model
08	Message from Chairman
10	Q&A with Managing Director
12	Financial Highlights
14	Building Scale
16	Backward Integration
17	Multiplying the Clientele
18	Corporate Social Responsibility
20	Profile of Board of Directors
22	Management Team
23	Corporate Information

## Statutory Reports

24	Directors' Report
75	Management Discussion & Analysis
84	Corporate Governance

## Financial Statements

108	Standalone Financial Statements
173	Consolidated Financial Statements



# DIXON AT A GLANCE

Dixon Technologies (India) Limited (henceforth referred at Dixon) is the leading player in electronic services manufacturing (EMS) space in India with diversified product in various sub-segments of the electronics vertical.

We offer cost-effective consumer products in India through leading domestic as well as global retail brands. Our ten state-of-art manufacturing facilities are strategically located in the states of Uttar Pradesh, Uttarakhand and Andhra Pradesh supported by 3 R&D centres (2 are located in India and 1 is located in China) that focuses on continuous addition of new end-user products.

29,900

Topline earnings  
(₹ in million)

10

State-of-art manufacturing  
facility across India

35 years

Average age of employees

28%

Female employees

33

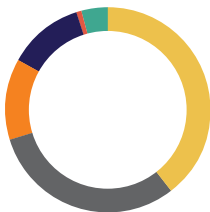
R&D team strength

2

Service centres across the  
country

Revenue split  
by product  
category

(in %)



Consumer Electronics	40
Lighting Products	30.8
Home appliance	12.5
Mobile phones	11.9
Reverse Logistics	1.0
Security systems	3.8

Original Design  
Manufacturer  
(ODM) Revenue  
share

(in %)



Consumer Electronics	9
Lighting Products	71
Home appliance	100

Note :- aforesaid data is on consolidated basis.





## Our Divisions



### Consumer Electronics

With wide range of offering including smart TVs, ultra-high definition, commercial display and signage display, we enable our customers to introduce innovative product offerings to end-users.

**Operating profit**  
**₹ 2,493 Lakhs**

FY 2018:  
₹ 2,305 Lakhs

8% YoY  
growth

**37% ROCE**



### Home appliance

We design, manufacture and market broad line of high performance washing machines that is equipped with added features such as magic filter, water fall, side scrubber and air dry.

**Operating profit**  
**₹ 3,701 Lakhs**

FY 2018:  
₹ 3,068 Lakhs

21% YoY  
growth

**26% ROCE**



### Lighting Solutions

Dixon is one of the top global manufacturer of indoor lighting and LED bulbs. Within this product portfolio we also provide main electronic board designing, mechanical and light source and packaging designing.

**Operating profit**  
**₹ 6,600 Lakhs**

FY 2018:  
₹ 4,692 Lakhs

41% YoY  
growth

**28% ROCE**



### Mobile Phones

(in joint venture as  
on 31st March, 2019)

With increasing penetration of internet usage, mobile phone segment is on a high growth path, giving opportunity to widen our product offering. We currently manufacture feature phones, smart phones, PCBA for mobiles and in the phase of implementing backward integration in this segment.

**Operating profit**  
**₹ 742 Lakhs**

FY 2018:  
₹ 652 Lakhs

14% YoY  
growth

**43% ROCE**



### Security Devices

(in joint venture  
as on 31st March,  
2019)

Security Devices is a new vertical started by us in January 2018, under the trademark "CP Plus".

**Operating profit**  
**₹ 121 Lakhs**

FY 2018:  
₹ (91) Lakhs

233% YoY  
growth

**11% ROCE**



### Reverse Logistics

Dixon provides repair and refurbishment services for products including Set top box, Mobile phones, LCD and LED TVs, LED Panel and other devices.

**Operating profit**  
**₹ (171) Lakhs**

FY 2018:  
₹ 575 Lakhs

(130)% YoY  
growth

N.A

# QUARTERLY **HIGHLIGHTS**



## Quarter 1

Inclusion of 'Wipro high beam LED Bulb' in lighting portfolio



Expansion of capacity in Home appliance to



**12**  
lakhs



from **7.6 lakhs**  
in previous year

Added Syska and Orient in our lighting clientele

## Quarter 2

Initiated production of LED TV's for Xiaomi



Expanded our clientele base of Lighting segment by adding Orient, Ajanta, RR kabel and Polycab

Inclusion of Batten in ODM in lighting portfolio



Started SMT Line for Mobile Phone PCB



Added Flipkart in our Home Appliance segments

Expansion of capacity in CCTV division to

**5.0** Lacs/months



and DVR division to **1.5** Lacs/months



Received an award for electronic company of the year by ELCINA-EFY



## Quarter 3

Included Luker in the lighting segment clientele

Diversified lighting portfolio further and added 30, 40 & 50 watt bulb



Samples of Smart bulb prototype sent to customers



Expanded capacity of LED bulb to

**18** mn per month  
from **14** mn per month

Expanded capacity of Batten to **1** mn per month

Established **R&D centre for Home Appliance** Segment in Dehradun

Started SMT Line for LED TV PCB with capacity of **1 Lac** per month



In LED segment, all Analog categories of **Sanyo** (Panasonic Brand) converted to **ODM**

# OUR BUSINESS MODEL

	Capital input	How it depicts our values	Key inputs
 <b>Human</b>	<p>Our workforce consists of diversified employees coming from various backgrounds to generate value for the organisation through their knowledge and values. Safety of our employees is the top most priority of the organisation and is imperative to our success</p>	<p>Training and development of employees on a regular basis.</p> <p>Association with key stakeholders to facilitate a base for growing skills and competences.</p>	<ul style="list-style-type: none"> <li>Dixon has employed around <b>1,119</b> permanent employees for smooth functioning of its operations across all business units</li> <li>A strong and motivating management team</li> <li>Appropriate training and development programmes</li> <li>Provide state-of-art technology training to enhance their skills and add value to the organisation</li> </ul>
 <b>Manufacturing</b>	<p>Our ten state-of-the-art manufacturing units help us to provide end-to-end solutions to our customers in consumer durables, lighting and mobile phones markets across the country</p>	<p>Investing in technology and equipment to improve the product offering with the commitment of creating value by offering top quality products that exceeds their expectations</p>	<ul style="list-style-type: none"> <li>Capital Expenditure across various segments of Company (in ₹ lakhs)</li> <li>Consumer Electronics <b>1,852</b></li> <li>Home Appliances <b>2,722</b></li> <li>Mobile phones <b>1,108</b></li> <li>Lighting Solutions <b>1,744</b></li> <li>Security Devices <b>1,348</b></li> </ul>
 <b>Financial</b>	<p>The pool of funds to support our functioning without interruption.</p> <p>Our financial capital is reinvested in all the other capitals in a measured way to grow and sustain our business, after careful consideration of the returns they will generate</p>	<p>Provide shareholder value with growth in dividend and earning per share (EPS) on year on year basis</p>	<ul style="list-style-type: none"> <li>Market Capitalization of ₹ <b>2,662</b> crores approx. as on 31<sup>st</sup> March, 2019</li> <li>Capital expenditure and investment in other capitals</li> <li>Interest bearing debt</li> <li>Investment by the shareholders/investors in the organization</li> </ul>
 <b>Social and Relationship</b>	<p>At Dixon, we believe in developing and maintaining long-lasting trusted relationships with our stakeholders as they form an integral part of our organisation.</p>	<p>Identifying our key stakeholders, understanding their requirements and how we can create a shared value for all.</p>	<ul style="list-style-type: none"> <li>Partnership with suppliers and customers</li> <li>Social Investment</li> <li>Investor relationship meetings</li> <li>Mutual respect for and understanding of society as a whole</li> </ul>
 <b>Natural</b>	<p>Our day-to-day conduct has an unavoidable impact on the environment as we require natural resources to generate value</p>	<p>Vouching on opportunities to mitigate the environmental impact of our operations by continuously reviewing our activities and initiating improvements to reduce the environmental impact.</p>	<p>As a part of manufacturing operations, we rely on consumption of gas, water and energy</p>



### Transformation of Capital

- Employees skills and capabilities are used in enhancing manufacturing capital to produce finish goods for our customers
- Where ever necessary, we provide our employees with various self-development opportunities through various development programmes.
- During the current fiscal year, the company spend ₹ **953.46** lakhs on employee welfare and benefit expenses

- ₹ **767.59** lakhs Spent on repair and maintenance
- ₹ **2,165** lakhs Depreciation expenditure

- Shareholder's Book value of ₹ **37,821.78** lakhs
- Borrowings: ₹ **14,124.23** lakhs
- Net debt: ₹ **11,920.98** lakhs
- Net interest Cost: ₹ **2,504** lakhs

- Creation of employment
- Contribution towards society by conducting sports activity and helping youth in achieving their dreams
- ₹ **112.5 lakhs** spends towards CSR activities
- Development of trust-based relationship with the stakeholders

During the manufacturing process, Dixon strives to reduce its consumption of finite resources and efficient utilization of available resources.

### Strategies to enhance outcome

- Honouring and rewarding our employees for their efforts and hard work
- Encouraging, developing and empowering employees to improve central co-ordination and strategic accountability to drive decision making
- Hiring the right person for the right job
- Ensuring talented and hardworking employees are retained

- Asset enhancement to deliver products to niche markets and provide value to our customers
- Invest in new assets and technology for expansion and growth of the company
- Focus on cost effective production

- Cost and operational efficiency to improve returns for shareholders and increases coverage ratio for the fund providers
- Better cash flow management procedures

- Enhancing customer relationship by focusing on quality and on-time delivery
- Focus on improving relationship with stakeholders by interacting with them
- Interest and security free short term loans for suppliers and enterprise development

- Minimise the impact on environment
- Electricity saving initiates within the organisation
- Proper disposal of hazardous waste

# MESSAGE FROM **CHAIRMAN**

Dixon achieved remarkable results in FY 2019, boosting

**5%**

growth in revenue to

**₹2,99,008**

lakhs



DEAR SHAREHOLDERS,

Dixon has been earnestly committed to reach the highest echelon of success since its inception. The team at Dixon is a pool of dedicated, smart and talented individuals, brimming with the prospects of enabling the company to achieve more with each step. This is exactly what we at Dixon have triumphantly effected for the past fiscal year and have been able to transform budding thoughts into acts of success.

The year has been exemplary for Dixon in terms of performance and results. Catering to the needs of our stakeholders is an agenda of paramount importance and we have been successfully capable in meeting the requisites of value creation for all. For our shareholders, the plan of action concerning the delivery of differentiated value was streamlined through the economies of scale, shifting towards the ODM model and focusing on backward integration whereas for customers, we

created value by leveraging superior technology in creating innovative product offering.

However, 2018-19 was yet another challenging year for electronics manufacturers in terms of depreciating rupee value and hardening commodity prices in the first half of the year in the domestic market. Post the arrival of the festive season and GST rate cuts, the industry saw an upward trend. Nevertheless, with discrepancies in global trade, India is expected to emerge as a major electronic manufacturing hub globally, giving opportunities to manufacturers like Dixon to expand our business footprints in the domestic as well as the international market.

Despite all the volatility presented by the market conditions, Dixon achieved remarkable results in FY 2019, boosting 5% growth in revenue to ₹ 2,99,008 lakhs. The growth in revenue was robust across

the majority of our segments, with the consumer electronics segment having maximum share of 40% followed by lighting solutions with 30.8% share in total. With the changes in cost structure, we were able to maintain healthy EBITDA and PAT margins. Our ODM business contribution has increased as compared to previous year representing a significant shift over last year.

Our strategy of backward integration has borne fruitful results across segments. This has resulted in healthy margins, strengthened relationship with customers and enabled us to enter the global market. During the year under review, we added many top-notch clients across most of our verticals including in the ODM segment. We were able to reach amongst the top five manufacturers global, in terms of scale, in LED bulbs and offered the largest bouquet of the ODM model in the washing machine segment.