

# Dixon may grab 1/5th of mobile assembly market with Vivo JV

## Joint venture will make Vivo phones exclusively for Vivo

**SURAJEET DAS GUPTA**  
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The announcement made by Dixon Technologies to set up a joint venture (JV) with Chinese mobile maker Vivo, in which the former will have 51 per cent, could help the home-grown EMS (Electronics Manufacturing Services) player to grab over a fifth of the country's 288 million overall mobile phone assembly market and close to a fourth of the smart phone sweepstakes.

Tarun Pathak, research director of Counterpoint Technologies, said: "The deal with Vivo will help Dixon increase its share of the smart phone assembly business to around 22-23 per cent and give the firm control of more than a fifth of the overall mobile market — smartphone and feature phones."

According to sources privy to the deal, Dixon has a capacity to make 40 million smart phones per annum and it is assembling around 30 million phones this year. On the other hand, Vivo sells around 30 million smart phones per annum, some portion of which is outsourced to Micromax and the rest assembled in its own plant.

As part of the agreement, the proposed JV will make phones exclusively for Vivo. But Dixon can continue to make phones for other competitors. Analysts say if Vivo shifts its total requirement of phones to the new JV, Dixon's total production of smartphones would double to 60 million per annum at just one go. But discussions on this issue are ongoing.

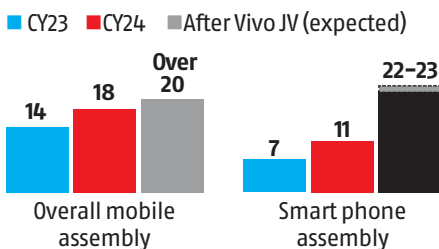
Even the structure of the deal is still being worked out, and this could entail merging their respective phone factories into the JV. The Chinese company has already invested over ₹3,000 crore to set up a new factory in Greater Noida, which will churn out 120 million phones per annum.

Analysts say the deal also suits Vivo, which has been making a big push for localisation in its smartphones. After all, India accounts for 58 per cent of Vivo's global sales excluding China, which is much bigger than Xiaomi's 22 per cent.

In the January-September 2024 period, Dixon, according to Counterpoint Research, was the numero uno among mobile EMS and ODM (Original Design Manufacturer) players, with 18 per cent share of the total mobile assembly market and 11 per cent share of the smartphone assembly.

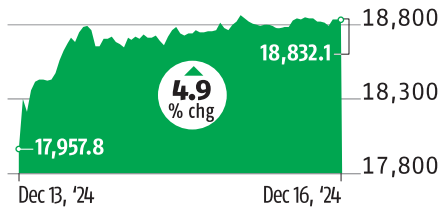


## GAINING GROUND (% share of Dixon)



Note: CY24 from January to September; overall share includes smartphones and feature phones; Source: Counterpoint Research

## ON THE RISE | Dixon Technologies India (share price in ₹)



Source: Bloomberg; compiled by BS Research Bureau

This is already a substantial increase over calendar year (CY) 2023 when its overall share of mobile assembly was 14 per cent and for smartphones it was pegged at 7 per cent.

The big increase in market share has been possible as Dixon, leveraging the production linked incentive (PLI) scheme, has been able to sign deals for assembly of mobile phones for nearly most of the Android brands — Samsung, Xiaomi, Nokia HMD, and Motorola, among others.