



“OSEL Devices Limited
H2 FY '25 Earnings Conference Call”
May 27, 2025



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MODERATOR: **Ms. PALAK AGARWAL – TWENTY EIGHTH CONSULTING**



Moderator: Ladies and gentlemen, good day and welcome to the H2 FY '25 Earnings Conference Call for OSEL Devices Limited. From the company side, we have Mr. Rajendra Ravi Shanker Mishra, Managing Director, Mr. Mukesh Sinha, Director, Ms. Diksha Singla, Company Secretary, Ms. Palak Agrawal, Investor Relations Manager.

As a reminder, all participant lines will be in listen-only mode and 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Palak Agarwal. Thank you and over to you, ma'am.

Palak Agarwal: Thank you, Sejal. Good afternoon, everyone. Thank you for joining us today. On behalf of the entire team at OSEL Devices Limited. I would like to extend a very warm welcome to all our investors, partners and stakeholders. At OSEL Devices Limited., we are committed to delivering innovative solutions across the electronic devices space with a strong focus on healthcare and LED display technologies. Our operations span end-to-end manufacturing right from designing to post-sales service.

In the healthcare segment, we specialize in delivering LED devices, which currently contribute around 55% to the revenues and the remaining 45% comes from LED display business. We are also excited to share a major milestone that we have secured an exclusive license to launch Philips mobile phone and tablets in the Indian market. Under this partnership, we hold the right to design, manufacture, market and distribute under the Philips brand, adding a significant growth dimension to our portfolio.

As outlined in the presentation also, we remain optimistic across all business verticals and expect to see a sustained long-term growth driven by innovation, operational excellence and market expansion.

With that, I would now request the moderator to open the floor for the questions. Thank you.

Moderator: The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for the opportunity. So, first of all, I would like to thank you for all the pre-IPO meets that you did, the interviews that you did and the quality of the DRHP you came out with. Everything helped me a lot to understand the business model of the company and get a better picture of what the company, the direction the company was heading into. And your execution in the standoff is also praiseworthy. So, congratulations on a great set of numbers as well.

I'll start with a couple of suggestions. First is kindly consider coming up with quarterly numbers. SEBI's rules are extremely investor unfriendly. The six-month gap in reporting is not a good thing for investors. It leaves a lot of uncertainty on the table. You need to come up with like proper financials, but just like a broad highlight of that particular quarter in the form of a press

release, a single-page press release with a couple of paragraphs describing what the developments were during the quarter. Those would be really appreciated by everyone.

Kindly do consider that, sir. So, my first question is actually on this Philips deal. Who foots the marketing budget here? And what exactly is the agreement? What would be the royalty structure? And I get the design part, but you will also do the manufacturing in-house? Or will you outsource it? How exactly will this entire thing work out?

Ravi Mishra: Hi, everyone. Thank you for your question. So, with the Philips deal, basically, we have got the brand license for Philips to a specific category which is mobile phone, tablets, and other IT products. Under this, we will be manufacturing, selling, distribution, marketing. Everything comes under our scope. And we are fully responsible for the complete operations of this particular category of Philips brand within India.

Agastya Dave: Okay

Ravi Mishra: So, in this, what is happening is Philips is responsible for the quality control and design finalization and approval. Philips will be doing that. And they will be finalizing the bundle of material that we need to procure, what to procure, and where to procure from. And that procurement license will be controlled by Philips.

And within that itself, we are taking care of all the royalties that are coming in. So, it is basically part of the bond that we are buying from them and which covers the royalty also part into the bond cost itself.

Agastya Dave: Understood, sir. And, sir, you don't need to bother about the distribution, right? That is what the understanding is?

Ravi Mishra: Right. So, basically, we are responsible for the complete operation, which includes marketing, sales, promotion, anything that is required to basically make the thing. And manufacturing is also under our scope only. Currently, we are...

Agastya Dave: Sorry.

Ravi Mishra: Yes. So, currently, because we are just starting up for trials and all those things, we are using a third-party manufacturing setup. Going forward, once the business is stable, we will be having in-house setup for the manufacturing.

Agastya Dave: Understood. So, second, sir, can you share the volume numbers for the hearing aid business and the panels? The number of LEDs that you sold for the year?

Ravi Mishra: The number of units you are talking about or the revenue you are talking about?

Agastya Dave: Yes, sir. The number of units, sir. I have it for the last two years. I don't have it for this year?

Ravi Mishra: So, I think I don't have that number ready with me right now. I'm sorry about that. So, maybe I can share with you...



Agastya Dave: Perfectly fine, Sir, the next question was...

Ravi Mishra: I'm sorry. The number of hearing aids that we have sold this year is 1.45 lakhs.

Agastya Dave: One point?

Ravi Mishra: 1.45 lakhs.

Agastya Dave: So, that's a slight decrease from last year, right? Almost 15% in volumes.

Ravi Mishra: I'm not sure about that because this is just a random number. So, maybe let me check the number again.

Agastya Dave: Great, sir. So, the second was there is a spike in the receivables for the year-end. The number of receivable days has increased. And in fact, there has been a trend. The inventory days have been pretty much constant for the last three years. But the receivables have been increasing steadily. So, first of all, which of the two divisions is leading to this spike in receivable days? And what should we expect going forward on the working capital side?

Ravi Mishra: So, the number of days will be increasing mainly because of LED business, actually. That's where the working cycle is coming up. And because once we have this function, obviously, we have started making more deals in terms of advance payment to cheaper prices. So, that is also increasing our inventory cycle. But gradually, it will basically benefit us in the long term and it will be reduced further. Once we have more stable cycle, that will be reduced.

Agastya Dave: Can you guide to a particular percentage of sales?

Ravi Mishra: Sorry?

Agastya Dave: As a percentage of sales. So, last year, we were at, I mean, FY24, we were at 20%. This year, we are at 35% of sales. So, where do you see this number stabilizing?

Ravi Mishra: We are also adding a Philips to this, basically. And that will also add something to the working capital cycle. So, I think it will remain to around 30%-35% for next year, actually.

Agastya Dave: Okay. And so, one final question before I go back in the queue. The other expenses were very low in this half. So, again, I don't have the schedules in front of me. Those will come out when the annual report comes out, but there was a lot of variation during the year. So, what was the reason for that? Was it like the IPO money? I don't know where you are accounting for that, but, I'm sorry, the IPO expenses or was there some other reason the variation is quite a lot?

Ravi Mishra: The IPO expenses are also there, basically, that we have accounted for. But I'm not sure to where the whole audit thing has put it up. Maybe I will have to come back to you with that also.

Agastya Dave: Right. Sir, if you can allow me one final question, then I'll be done. That would be on the growth guidance that you're giving. The presentation which is 25% CAGR for both the divisions. Can you go into a little bit more detail? How much of this would be coming from volume and how much will come from pricing and what are the different products that you will be launching?



And where do you see – I mean is there a chance of upside here? Are you being conservative? And if this is a 25% CAGR number, will it be front-loaded? Will we see a much higher growth this year? And then slowly taper down? How exactly will it pen out, sir?

Ravi Mishra:

So, when it comes to hearing aid and LED, which we have been working on for the past many years. These two segments are very large segments, basically especially the LED segment is very large. And we are just doing a very small part of it right now. So, there is a huge scope of growth available in this for the coming next 4-5 years, at least if I say. There is a huge scope of growth that is possible, basically. So, we will be able to sustain the growth in those lines.

And when it comes to hearing aid, of course, there will be volume growth in terms of number of units sold. That will be there. But major growth will also come from in the hearing aid segment and major growth will also come from the pricing increase, basically. Because we are also targeting the retail segment, which we will be starting very soon. We are almost ready for that.

So, with the retail segment starting and the sales happening in the retail segment will bring in more profitability, more margins, basically. So, that will also add up to the basically growth in hearing aid segment.

Agastya Dave:

Great, sir. Thank you very much for giving me the opportunity. Kindly do consider our quarterly numbers. Thank you very much, sir. All the best.

Ravi Mishra:

We got your message and we will try to have that on board.

Agastya Dave:

Thank you very much. All the best, sir. Great performance.

Moderator:

Thank you. The next question is from the line of Suraj, who is an Individual Investor. Please go ahead.

Suraj:

Good afternoon, sir. First of all, congratulations for the great set of numbers.

Ravi Mishra:

Thank you

Suraj:

My question is around OSEL has made a partnership with Philips to manufacturing mobile for the Philips. Can we consider this as a stepping stone? Can we consider more products in line with the Philips?

Ravi Mishra:

Yes, currently we have mobile phones, Tablets and those Surface tablets, Windows tablets also in line. So those numbers are already with us and gradually we'll be adding it to our portfolio. And there is, of course, a potential for adding more products line into this.

Suraj:

And one more thing, during our research we found that OSEL has taken some land parcel in JNPT port, plot number 210 and 211. So, can you please elaborate what's our plan to cater the growth for the company?

Ravi Mishra:

Right. So OSEL is also targeting to go international, basically and we are targeting international customers. And to cater to those business majorly we are setting up this, basically, in JNPT. It's basically a free zone. And this will be catering to our international business coming forward.



Suraj: So, are we going to manufacture, I mean, digital screen over there or what?

Ravi Mishra: Yes, we will be doing that.

Suraj: Okay. Sir, my last question. Can you able to elaborate on order-in-hand and order-in-pipeline for our company?

Ravi Mishra: Okay. So, there is a big pipeline that we have with us. I don't have the exact number, but in terms of order-in-hand, I think we have around 40-45 crores right now in hand.

Suraj: And pipeline, can you enable to get approximate figure, I mean, so that all investors can get more confidence accordingly?

Ravi Mishra: Okay. Because, see, pipeline that we are working on and the kind of tenders and projects that are coming up, basically. Of course, we are not sure how much we can get it from there, but those are big numbers. So those numbers are very good that we are targeting them. So, I don't want to give back those numbers, basically, but yes, I can tell you there are very healthy numbers that are there that we are targeting right now.

Suraj: Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Dr Jimmy, who is an Individual Investor. Please go ahead.

Jimmy: Hello. Good afternoon, sir. Sir, thank you for the opportunity and a great presentation. As I can see your investor presentation, sir, the hearing aids has contributed 55% for the sales and LED has contributed for 45%. And now, sir, we are coming with the third division of our feature phones from the Philips. So, can you, sir, divide the revenue bifurcation for FY26 for contribution from all three divisions approximately?

Ravi Mishra: I think there is a slide for that also. So, we are expecting to have around 30% coming in from Philips phones, basically.

Jimmy: Okay. 30% from the phone and the rest 70% from hearing aids and the LED. Is there any bifurcation in that?

Ravi Mishra: So again, it will be basically like 30% from display, 20% from medical equipment like hearing aids. And then we are also targeting to get into OEM business, basically, which is we will be manufacturing the LED displays for other MNC brands. That will also contribute to around 20% of our revenue.

Jimmy: Okay, sir. And what are the EBITDA margins which we are expecting from the smartphone division? As I can see that consolidated EBITDA, we are having around 18% for the last FY. So, what can be the smartphone EBITDA which we can expect?

Ravi Mishra: So, we are currently launching with the feature phone so that we can get a market penetration, which is the easy market penetration. And going forward in coming months, basically, we'll be also adding smartphones into the list. And smartphones will obviously have more EBITDA



compared to feature phones. Overall, we are targeting to get into 15% to 20% EBITDA margins with these devices, basically Philips mobile phones.

Jimmy: Okay, 15% to 20% data blended level from smartphones. Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Sanket, who is an Individual Investor. Please go ahead.

Sanket: So just two questions and follow-up questions from the earlier participants. So, one, with respect to sales concentration, just wanted to understand, like half, second half, we reported INR99 crores revenue. Of that, Q4 would be how much, sir?

Ravi Mishra: Q4 would be?

Sanket: I mean, January to March.

Ravi Mishra: Yes, that's what I'm just checking. I don't know the real number, but my assumption is basically we should be around 45, approximately 45 to 50 in Q4.

Sanket: Okay, so I mean not a major concentration, I mean equally distributed?

Ravi Mishra: Yes.

Sanket: Okay, understood. So, on receivable side, sir, I mean, typically, I mean, just, I mean, like, typically what like 90 to 120 days is what we are expecting recoveries or how it will be?

Ravi Mishra: I'm not very good with the numbers in the chart, but I'm sure, if you can come up with the question again.

Sanket: No, what I'm trying to understand, sir, is the receivables, the receivables, which are there which is in terms of days it has gone up. So just trying to understand in terms of, like, our contract with our customers, so typically it is what, 90 to 120 days in which we receive these payments or how it is?

Ravi Mishra: So normally our contracts are 90 days and depending on some installations and all those things, basically, in the government sector, what happens is within 90 days we get the payment. But then installation, they start working from the installation day and our project actually starts with the -- we supply and then it takes some time for installation also. So, it gets expanded at times.

Sanket: Okay

Ravi Mishra: So basically, if I bill it, I will be billing it today and it might take 15, 20, 30 days to get the installation certificate done from then and then where the payment cycle starts. So, 90 days post-installation, but our billing is still earlier than that. So sometimes it happens that it gets into 120 days also.

Sanket: Okay. And there is no major retention money or something like that, which is blocked, right, in this?



- Ravi Mishra:** For the government tenders, retention is around 5%, which is obviously which is standard, which goes with all the tenders that we do.
- Sanket:** Okay. And these retention money are sitting in receivables only Right sir?
- Ravi Mishra:** Correct. Yes.
- Sanket:** Okay. Understood. And secondly, sir, in terms of margins, like so typically compared to other EMS players, our margins are very superior. So, in this segment, sir, is it sustainable and going forward the additional product range, which we are targeting, in that also, what will be the margin range you would like to guide, sir?
- Ravi Mishra:** So basically, although we are into electronic manufacturing, but we are actually not an electronic manufacturing services provider. We are manufacturing products for ourselves. So, we design, develop, and manufacture for ourselves and sales and distribution are also with us. So, we have both the margins, not just for manufacturing, but we also have margins of sales and distribution with us itself. So that's why it is better than normal or standard EMS companies that you see.
- Sanket:** Understood. So, post-manufacturing, even for Philips, sir, you were mentioning that the sales risk is on us, right?
- Ravi Mishra:** Yes, the sales of Philips is also on us, with us only. That's why you can talk about that margin, otherwise, with just manufacturing, you are only doing the job work, which is just 2%, 3% margin at the max, I guess.
- Sanket:** Understood. And, sir, last question. In terms of this expansion to JNPT, so incremental one, we are coming up with this preferential issue like fundraising, but incrementally to achieve this growth, what will be the means of funding, sir?
- Ravi Mishra:** Of course, we have got good support from banks and based on the need and requirement, we may also come back to shareholders for more money, but right now we are looking at the bank side itself.
- Sanket:** Okay, sure. Fine, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Mahaveer who is an Individual Investor. Please go ahead.
- Mahaveer:** Hello, sir. Thank you for this opportunity and congratulations for the great numbers. So, just two questions. Do we require more SMT lines for the Philips phone and are we going to have, are we going to do EMS, like are we going to manufacture more electrical components for other companies as well?
- Ravi Mishra:** Fine. So, as far as Philips is concerned, currently we will be outsourcing it for production and we don't need to add up anything into our bank. We don't have to add up to our production line for that, but going forward in the future once we have a stable business coming in, because we are just entering it too, so we want to be safe from all the things.

So, once the business is stable, once the sales is stable and we have good numbers in hand, we will be adding up our manufacturing capacity as well. And going forward, we are still open. We are open to any opportunity that may come in the EMS and all those things. We are not focusing on it right now, but we can be open to that in the future.

Mahaveer: Okay, okay. So, you said that right now, when I went through your presentation, we have how many SMT lines, sir?

Ravi Mishra: We have 2 SMT lines.

Mahaveer: Okay, 2 SMT lines. So, how does it reduce our costs when compared to our competitors? Like, how much percentage?

Ravi Mishra: I'm sorry, I did not get your question.

Mahaveer: Say, for example, in hearing aids, I was going through your presentation. Since we have the SMT lines, our production cost reduces comparatively more than our competitors.

Ravi Mishra: See, what happens is it all depends on what products we are manufacturing, and in terms of the daily cycles and all, it helps to do that also. So, having more control on the end-to-end process brings more control on the margins as well. And your dependency on external factors reduces.

Mahaveer: Okay. Okay, got it. Sir, last question. Any particular reason why we have set up this new industrial park, sir?

Ravi Mishra: Okay, sir. We were talking about the JNPT thing that we are going to put up into the property or the land that we are taking up. We are targeting to put up into the new entity.

Mahaveer: Okay. Okay. Got it, sir. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Mahesh Attal from Attal Investments Advisors. Please go ahead.

Mahesh Attal: Hi, sir. I'm fairly new to the company.

Moderator: Sorry to interrupt, sir. I would request you to please use your handset.

Mahesh Attal: Yes. I'm fairly new to the company. So just wanted to know. Look, there's been a slight -- lot of increase on the assets. I see that there's money that has come from the borrowings which is around INR30 crores in the last financial year. And I see that your inventories have gone up by INR15 crores and your receivables have also gone up by around INR30 crores.

So, what I'm feeling to understand when we say that our product is superior, why are we not able to take advances from the customers? Or does the industry operate this way that you have to supply and get your money in 90 days? So how is industry working currently and why will we be able to achieve a slighter lower receivable day going ahead?



Ravi Mishra: So basically, we are working in our things. We are directly dealing with the customer, end customer. And it is basically most of the things are project sales. So, project sales are basically it takes time for delivery, installation, and we also have time for basically procurement cycle is also there. So, all those things take a little time. It is not a box delivery product that we are doing right now. So, our sales involve project installation, services, completion, and all those things which takes time. And that's how the receivable cycle is there.

And second thing is since we are working with the major corporate, major names, so they all have their credit cycle. And we need to work according to their terms and conditions as well. Because these customers are very large customers that we work with. They are big brands, big corporates. So, they have their own payment terms which we need to follow.

Mahesh Attal: What is the short-term loan and advance that we have given? To whom have we given this advance? It's around INR38.98 crores.

Ravi Mishra: Okay. So, these are basically, I will have the clear data on to that. But there are certain things that we have bought up an office in Bangalore for which the advance has been paid and the registry is still pending. So, it's already in that basically. There is some money that we have paid for, what you call, JNPT also for which the money has gone but the registry is still pending, so it has not come into assets. So, it will get converted into assets.

Mahesh Attal: How much of it is for that Bangalore thing and how much of it is for JNPT?

Ravi Mishra: JNPT is around INR8- INR10 crores that we have paid. Bangalore is around INR4-INR4.5 crores that we have paid. So, these kinds of payments are there that I can remember right now.

Mahesh Attal: Okay. And the other financial assets and other current assets also have sharply increased. So, all these are relating to those entries only or you have something else?

Ravi Mishra: Mostly we have paid that off.

Mahesh Attal: Because I could see that there has been a very sharp increase in your assets. So current assets. Entire current assets. So just wanted a, you know, okay. All right. And second thing you know I just want to know on this Philips thing. So, what is Philips actually expecting from you when you have tied up with Philips? So, what is their viewpoint on India market?

Like will you be able to export from India after you have a tie up with Philips in India? Have they given you a geography to cover? How exactly is our, you know, this thing with Philips?

Ravi Mishra: So currently, as a geography we only have India with us. And there could be a potential wherein Indian manufactured phones can go into the African and other markets, Middle East and African markets. But right now, our geographical limitation is within the India geography itself.

Mahesh Attal: And you are the only one whom they have shortlisted or there are other players also who are doing it for Philips currently?



Ravi Mishra: So, for the segment which is mobile phone, tablet, Windows tablet and IT products, this is exclusively with us. And technically in a normal world, if I say we are the brand owners of Philips for this category in India.

Mahesh Attal: And you will be also doing the aftermarket thing for Philips, is it right?

Ravi Mishra: As I mentioned, we are the brand owners so every activity within that category remains with us.

Mahesh Attal: So whatever OEMs are buying from Philips today it will be serviced by you in India now. And also, the aftermarket will be serviced by you, right? Is it fair understanding?

Ravi Mishra: For the mobile phone category, the category that we have mentioned this is only specific to this category. So not all the Philips products, but certain products that are falling under mobile phones, smartphones, tablets, Windows...

Mahesh Attal: So, LED screens of the mobile phones. I'm only talking about LED screens of mobile phones.

Ravi Mishra: No, that we are not doing.

Mahesh Attal: So, both OEM as well as aftermarket will be serviced by only you in India, right?

Ravi Mishra: Yes, Philips mobile phones. I don't want any confusion on that part. So, our category, the category that we have right now is Philips mobile phones, smartphones, tablets, Windows tablets and IT products. So, this category belongs to us.

Mahesh Attal: Okay, you're talking about Philips own branded phones only?

Ravi Mishra: Yes.

Mahesh Attal: Not, let's say I have an issue with Samsung. You're not going to give me and the Samsung today buys from Philips and then you are not going to service that in market, right?

Ravi Mishra: No, no. We are only concerned about...

Mahesh Attal: That kind of facility is not there. This is only for Philips.

Ravi Mishra: Only Philips brand we are talking about.

Mahesh Attal: And what is the market of Philips in the mobile market today in India?

Ravi Mishra: Today, Philips is not there in Indian market. So, we are launching it. We will be bringing it to Indian market.

Mahesh Attal: Okay, so you are basically now a mobile phone company. We can term you as a mobile phone company also, right?

Ravi Mishra: Right. You can term us as Philips mobile phone company.

Mahesh Attal: And what, how many pieces you will be able to roll out in FY '26, sir?



Ravi Mishra: I think so, I will not be able to give you exact number that we will be doing it. But in terms of market size, currently it is around 5 million plus per month. Just in the feature phone market. 5 million plus mobile phones are being sold in the feature phone market in India today. And smartphone market is around INR2.17 lakhs crores in India.

Mahesh Attal: And have you done this thing for any other OEM in India?

Ravi Mishra: For mobile phone?

Mahesh Attal: Have you developed a mobile phone? Because mobile phone is all about technology, all the chip-ins and all everything is involved, right? So, have you actually had any experience in this domain earlier?

Ravi Mishra: In terms of mobile phone manufacturing, yes, we do have it. We have done it earlier also. So that experience is there with us. But in terms of sales and all those things we have not done it.

Mahesh Attal: For which company you have developed this?

Ravi Mishra: We have made mobile phones for our company, tablets for our vendors. So, we have done that earlier.

Mahesh Attal: No, no, I'm talking about brand. Which brand are you servicing right now? I mean, which brand.

Ravi Mishra: No, no. We have not worked with any brand as of now. But as far as experience is concerned for mobile manufacturing, we have done it. Mobile and tablets, we have done it for.

Mahesh Attal: Yes, mobile and tablet, I'm asking mobile and tablets for which brand? I mean, let's say Samsung brand or some Vivo brand or something. You might have...

Ravi Mishra: That's what I'm saying. We have just done it for our own requirement for own tenders that we have executed. We have manufactured it ourselves. We have not done it for any specific brand or market sales or retail sales.

Mahesh Attal: And when do you see your first smartphone coming out?

Ravi Mishra: So, we are launching feature phones within this month itself. So, our first phase will start this week itself. And we'll be giving on that.

Mahesh Attal: Smartphone. I am talking about smartphone.

Ravi Mishra: Smartphone basically what we'll have, what we are trying to do is we trying the market and our penetration for the next 3-4 months. And once things go well with us, we'll be adding up the smartphones as well. So, by this year end, I guess we should have it.

Mahesh Attal: But don't you think that because the smartphone market right now is more aggressive than the feature phone market, so you should have come the other way around starting with the smart phone and then entering the feature phone.



- Ravi Mishra:** Correct, that may sound better for everyone. But the thing is feature phone market is an easy market to penetrate with Philips brand and it will give us better foothold to start with. And once we have that strength and we will already have that penetration into the distribution market of mobile phones, it will be easier for us to start selling smartphones. But just directly launching smartphones will be a costly affair, which we do not want to induce money right now.
- Mahesh Attal:** So, are there any targets that Phillips had given you, for like doing business in India? Is this a target-based thing or something like that?
- Ravi Mishra:** It is not a target-based thing for us. But basically, firstly we are targeting to get into some good numbers with Phillips. But there are no target-based numbers that we have.
- Mahesh Attal:** Alright sir, thank you so much.
- Moderator:** Thank you. The next question is from the line of Rajesh S who is an individual investor. Please go ahead.
- Rajesh S:** Congrats on a good set of numbers and thanks for the presentation. I think it is quite detailed and informative. Sir, my questions are basically on the hearing aids segment. So, when I look at the business model and the EBITDA margin is higher in this particular segment but in terms of revenue mix it is only about 20% whereas in the current year it was around 55%.
- So, wouldn't you ideally like to have a higher share of the revenue mix from hearing aids? And another thing related to this, I mean, do you have any plans to enter the B2C segment in hearing aids? Because I see that right now the hearing aids in the market are all mostly manufactured abroad and are quite costly. So, don't you see a kind of potential to grow here since you already have a background in the B2B or the B2G segment?
- Ravi Mishra:** Okay. So basically, yes, as I have already mentioned and as we have been mentioning, we are targeting to enter retail market. And probably very soon our products will be available in the retail sector also, which of course, I said, we had a question earlier. What will be the growth for 25% CAGR will be coming from? So, I mentioned it will be coming from increased prices also, which will happen because of our taste into the retail sector.
- So yes, we are targeting getting to retail and B2C market also. And in terms of why in the coming year our projections are going to 20% of hearing aids, because we are adding more value or volume coming from our Phillips mobile phones as well. So, because of that, the mix basically will change.
- Rajesh S:** Okay, yes that explains it, the mix, would not that affect your overall margins because you increasing volumes in an area where your margins are lesser and in terms of, know, I mean, proportionally, the growth is not as much in an area with a higher margin.
- Ravi Mishra:** Yes, because what will happen is once we have the retail sector coming up, even with the lower volume, it will be adding to better bottom line and it will be compensating for the, not the bottom, but it will be compensating for the reduction in the EBITDA margins in other products.



Rajesh S: Okay, yes, I mean, just to, I mean, but then shouldn't you see a higher, I mean, shouldn't the revenue mix be higher than 20% then?

Ravi Mishra: Of course, we will be happy to do that, but for the projections, we are taking it right now and the team will certainly be working on to increase as much as possible onto those lines also. We also want to have more profit margins. We'll be targeting to do that, but for the numbers that we want to project, this is what we are doing at right now.

Rajesh S: Okay, thank you, sir. I mean, it's nice to hear that you're focusing on the B2C and the retail segment as well. Thank you.

Ravi Mishra: Well, hearing it is a good product basically and very highly profitable product. So, we certainly will be marketing on that and putting our efforts into developing that market. But it's a small market right now and it has to grow and we have got good potential into capturing whatever market growth is coming up. We may have a better market share from the growing market. The market growth will be coming to us. That is what we are targeting.

Rajesh S: Okay, thank you. That's all from my side.

Moderator: Thank you. The next follow-up question is from the line of Mahaveer, who is an individual investor. Please go ahead.

Mahaveer: Thank you again. So, for the guidance, what percentage of PAT can we expect as a growth for next year?

Ravi Mishra: Percentage of PAT?

Mahaveer: Yes.

Ravi Mishra: Okay. So, I think we will try to maintain the current PAT margins or PAT percentages.

Mahaveer: Okay. So, we'll be seeing significant revenue growth as well, right, for the next year?

Ravi Mishra: Yes, with Phillips coming in and all those things, we are expecting significant growth in the top line.

Mahaveer: Okay, so maybe we can do 2x of the present top line that we have?

Ravi Mishra: I will not be able to comment on that. Okay. But as I mentioned, Philips is a very big market, right? And even with a small 5% penetration into the market, will be huge numbers.

Mahaveer: Okay, okay, got it. So, in terms of the business model, can you just explain it more in detail? So, this OEM for the light manufacturers, what LED screen manufacturers, what exactly is it for?

Ravi Mishra: Okay, so basically right now what we are doing is we are producing all our display screens with OSEL brand and it is being sold as OSEL brand itself. And there are a lot of multinational companies who are selling into India and they are getting it manufactured from China. Going forward, it becomes more difficult for them to import from China and getting into government

businesses. China manufacturing is not supported or entertained there. So those big brands also require a Make in India product and we are anticipating to capture a big chunk of that business coming to us.

Mahaveer: Okay, okay. So basically, we'll be making a television for this big brand or what exactly is it?

Ravi Mishra: Okay, so the product that we're dealing with is not actually exactly television. I'm not sure which city are you from?

Mahaveer: I'm from Bangalore. Yes, I've seen your displays in Mall of Asia.

Ravi Mishra: Correct. So, if you see those large format displays on the road, on the bus stations and some retail shops, you will see all those big screens basically. They're not really screens, they're big screens that you see for advertisements and out of home media. We are manufacturing that. And that is a very fast-growing market basically and you will start to see those things coming up every year.

Mahaveer: Correct. No, so I was thinking in terms of OEM for LED. So, what kind of companies will be manufacturing? So, in terms of that, I was thinking so.

Ravi Mishra: Right, so basically these are the products, almost all the big brands that you would know, I would not like to name them, are into this business. But they don't manufacture it themselves because it's not a mass production thing. It's basically a project-based manufacturing, which big brands do not want to do it by themselves.

So currently most of the brands are getting it done from China and they are being pushed, of course, by the government and other things to have a Make in India product line. So, we are targeting those businesses coming. So, we'll be shifting that business from China manufacturing to Indian manufacturing.

Mahaveer: Okay, super. And so, in terms of export, how much of our revenue can be from exports, sir, for the next couple of years?

Ravi Mishra: Okay, so export is our targeted market, actually, because it comes with better margins. India is a price-sensitive market, so it's a lot of competition here in terms of price. The demand from the customer is always, first requirement is low price and then they start talking about quality.

But for international market, we expect to have better price coming in for our products. And that is always in our target. From this year onwards, we'll start to have some export sales and which we are anticipating and targeting to grow, especially with the JNPT coming up, which is targeted purely towards the export market.

Mahaveer: Okay, okay, sir, got it. Thank you, sir.

Ravi Mishra: And with the current scenario, the current international scenario in terms of traffic and tariff war from US and other things, it is creating a positive environment for us.



Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will take one last question, which is from the line of Suraj, who is an individual investor. Please go ahead.

Suraj: Hello, sir. My last question is that, recently you uploaded the presentation of this OSEL devices for a company. And it is mentioned that it is, the headline is mentioned that it is, belong to hearing aids and digital screen manufacturing. Can we consider OSEL as an electronics devices manufacturing company?

Ravi Mishra: Of course we are.

Suraj: Considering more, more, more products in line.

Ravi Mishra: Of course, see, all these things manufactured are basically electronics products. And so, we are an electronics device manufacturer, electronic product manufacturing company. We are actually an EMS company itself. And going forward, we are open to new products line. So that can, our future is always open to other products, of course. And we are capable of doing that.

Suraj: Okay, sir. Okay, thank you so much.

Moderator: Thank you. Ladies and gentlemen, I would now like to hand the conference over to Mr. Rajendra Ravi Shanker Mishra for closing comments.

Ravi Mishra: I would like to thank everyone who has been with us in this journey. And we just started a new journey with us. And I'm expecting that we all will walk through for a longer, longer time. We are working hard and we will work hard to bring better numbers, better results for all our stakeholders and shareholders. And with that thought, I would like thank everyone to join us today.

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