Management Discussion

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Thank you, Ryan. Good evening everyone, and thank you for joining us today. I'll start with the big picture. In the first half of financial year '27, OSEL moved closer to the end customer in all our 3 businesses. In hearing health, that means Clinix, where we added Clinix and SSL. In LED display, it means software concessions and recurring revenue, where we are now live with more than 1,000 displays at more than 300 locations. In mobile, it means a branded smartphone, where we are all- where we also launched our smartphones.

Our revenue from the first half grew 31.8% year on year to 193. Rs 1.6 crore. EBITDA grew by 31.9% to Rs 32.5 crore, and profit after tax grew by 19.1% to Rs 18.1 crore. For LED display, LED display contributed to 40% of the revenue this half and remained our largest vertical. We signed an OEM agreement with ColorLite controller and video processor Earlier this was imported, but now it will be manufactured in India. This backward integration will enable access to more partners for LED business. After the half closed, we signed a 10-year PPP concession with ITPO.

This is one of the first of its kind in India. We signed the agreement for deploying 15,000 square feet of LED at Bharat Mandapam. We expect it to add annuity revenue upwards of Rs 15 crores and grow year on year. Our screens spread across India's international trade fair. Our CMS software now runs more than 1,000 displays, which is a recurring monthly revenue stream that sits on top of our hardware business. India is one of the few LED markets in the world still growing fast. And but unfortunately still imports most of its panels.

We are the ones who are actually building a local supply to serve that demand. Hearing aid- hearing aid contributes to 31% of the revenue. Today we are the largest supplier of hearing aids to the Government of India, but a device sold through our clinic earns many times what it earns in a tender. That is why SFL hearing solution matters so much. Through our partnership with Petrus Healthcare, the SFL network has grown to 41 clinics, and we have also entered the state of West Bengal. Our Greater Noida plant is now US FDA registered facility, and it has received Z Gold certificate.

Both strength- this strengthens our position for regulated export market. Mobile phone business has also grown. Mobile contributed to about 28% of our revenue and was our fastest growing business this half. In September, we also launched the- our first smartphone, which was Philips S7221. This is a 5G phone. Our first consumer smartphone was also launched on Amazon. Our feature phone continues to sell steadily. Many large brands today have moved away from the budget segment, and this is where our opportunity lies.

Smartphones under Rs 20,000 are also being underserved. A trusted brand made in India is well placed to fill this gap. Our- as you are aware, we have acquired 5.1-acre site as JMPA SEZ in Navi Mumbai. This will be our export and OEM hub with commercialization target from April 2027. Exports were about Rs 23 crores for financial year '26. We are targeting about Rs 50 crores for this year. We were also recognized as one of the most trusted brands of India for '26-'27. Across all 3 verticals, we are moving from manufacturing alone to, uh, to manufacturing alone to owning the customer relationship through cleanics, recurring display service, and consumer brand.

This is how we intend to grow revenue and margins together. We continue to target the growth in financial year '27 in lines with what we delivered in financial year We can now open the floors for Q&A.

Operator
Thank you. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants who wish to ask a question, please press star and 1. We take the first question from the line of Kailash Kumar, an individual investor.

Please go ahead. Hello.

Questions & Answers

Kailash Kumar - Analyst, Individual Investor
Can you hear us?

Vikrant Sharma - Analyst, Individual Investor
Yes, we can hear you.

Kailash Kumar - Analyst, Individual Investor
The last time we discussed on our call that, uh, somebody, some new CFO is joining us. Uh, whether CFO is also on the call?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
The new CFO is joining from 19th of this month, so he will be joining us in next 2-3 days. Okay.

Kailash Kumar - Analyst, Individual Investor
So there are- I, I was just going through the numbers. I found some serious, uh, differences, uh, when I compare it with the cash flow or the balance sheet. Can you explain the differences?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Uh, right now, ad hoc, we might not be able to answer that, but if you can send us an email on those differences, we should certainly be able to answer.

Kailash Kumar - Analyst, Individual Investor
Like, even the Profit before tax is also not matching with the cash flow, and the cash balance is also not matching with the cash flow.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Okay, so if you can basically highlight that over a mail, then we can certainly check with our accounts and finance team and see if there is any rectification required onto that.

Kailash Kumar - Analyst, Individual Investor
Okay, sir. Even the shareholding or warrant conversion amount is also not matching with the balance sheet.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Okay, so we are taking a note of all these pointers that you have mentioned, and we will certainly be looking into this probably on an immediate basis itself.

Kailash Kumar - Analyst, Individual Investor
So even, even our EPS is on the- in the annual report as well as EPS mentioned in the financials, there is a difference.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Yeah, difference of Rs 5. Difference of Rs 5? Yes. Based on earnings, I don't see it because we are- what we have given now is 9.96, I guess.

Kailash Kumar - Analyst, Individual Investor
No, this is related to March 26th.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
March 26th. Okay. March 26th published figure

Kailash Kumar - Analyst, Individual Investor
Versus March 26th annual reports.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
So I think there was some rectification already done on the EPS part on the March 26th result. If you're referring to- you might be referring to that as well, but that those data is not handy with us right now. So maybe if you can send- that's what I'm saying, these are financial numbers basically. So if you can give us a mail over it and we can get replies back, all, all the queries that you might have.

Kailash Kumar - Analyst, Individual Investor
Okay, I'll wait in the queue.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Sure.

Operator
Thank you. Participants who wish to ask a question, please press star and 1. Participants, a reminder, if you wish to ask a question, please press star and 1. We take the next question from the line of Param Jain, an individual investor. Please go ahead.

Param Jain - Analyst, Individual Investor
Hello. Hi, am I audible?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Yes, you are.

Param Jain - Analyst, Individual Investor
Okay, thank you. So, sir, my first question is, I just wanted to understand how how the demand scenario is looking out, looking at for our phone business, for the smartphone business particularly?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Okay, uh, so, uh, it's an interesting question. For the smartphone business, we have built about 15,000 phones till now, okay? And it is looking very exciting because what's happening is what we are looking at is the offtake versus the current current distribution, and that's a very optimistic scenario that we are getting out of it. So it's looking very, very positive.

Param Jain - Analyst, Individual Investor
Okay, sir. And how do we see this going forward?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
So as I said, that we are building our distribution strength which will drive our feature phones, and the smartphone will be a value creator for us.

Param Jain - Analyst, Individual Investor
Okay, okay.

Vikrant Sharma - Analyst, Individual Investor
Thank you, sir.

Operator
Thank you. We take the next question from the line of Suruchi Parmar from NX Wealth Management. Please go ahead.

Suruchi Parmar - Analyst, NX Wealth Management
Yeah, uh, good afternoon. Am I audible?

Operator
Yes, please go ahead.

Suruchi Parmar - Analyst, NX Wealth Management
Yes, thank you. Yes,

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Thank

Suruchi Parmar - Analyst, NX Wealth Management
You for the opportunity. Uh, just wanted to know, you have given in PPT that the exports in FY26 amounted for Rs 23 crores and you are targeting this year for Rs 50 crores, uh, exports. So, uh, can I, uh, know, do you have orders in hand regarding to that?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
We have tied up with our OEM partners. So last year also we have supplied the export business to our OEM brands basically. And we are already working with them for our Make in India product in it for the Indian market. And from them itself we are getting our export orders as well. So though currently we don't have any order in hand right now, but we are expecting those orders soon

Suruchi Parmar - Analyst, NX Wealth Management
In the second half of the year.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Those are in discussions basically, and they are certain to get closed.

Suruchi Parmar - Analyst, NX Wealth Management
Okay, okay. And, uh, what about this JNPA says site export order. Can you elaborate on that?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
As in the last call also we mentioned, we are awaiting certain government approvals and all, which is- which has basically delayed our, uh, JNPA project by now. Once we have that, and then we will have more clarity about the exact dates of commencement for the same.

Suruchi Parmar - Analyst, NX Wealth Management
Okay, okay. And how much is the opportunity of this size? Opportunity size of JNPA?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
So JNPA will be a manufacturing hub, export manufacturing hub for us. And I would not like to put any number onto that right now, but it would be a substantial number for export business because it will also have partnerships with Chinese manufacturers who would be utilizing our JNPA facility for their own customers as well. So that would add good revenue to us.

Suruchi Parmar - Analyst, NX Wealth Management
Okay so this this JNPA site caters mostly to which part of the segment the mobile and LED display it

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Will majorly for LED business and another electronic manufacturing

Suruchi Parmar - Analyst, NX Wealth Management
Okay okay okay okay and so you have also mentioned that you will be the FY27 guidance can you highlight on that growth in revenue and EBITDA margins also?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
So as we have mentioned earlier also, we will be continuing with the similar numbers or similar set of margins in percentage terms, and we'll maintain that this year also.

Suruchi Parmar - Analyst, NX Wealth Management
So you have done almost, uh, roughly about 50, uh, sorry, uh 50 plus percent of growth in 26. So that will be-

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
We should be able to achieve that. Yeah.

Suruchi Parmar - Analyst, NX Wealth Management
Okay, okay. Thank you so much, sir. All the best.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Thank you.

Operator
Thank you. We take the next question from the line of Piyush Jain from Nivridhi Wealth. Please go ahead.

Piyush Jain - Analyst, Nivriti Wealth
Yeah, thank you for the opportunity. Uh, just want to understand, uh, recently we won an order of International Trade Fair which is around some 10 years PPP and 15 crore expected annual revenue. Can you throw some light on, uh, some how this contract works for us and what is the, uh, margin profile and something, and how more such type of orders we are trying and working with other

customers or something?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Okay, so this is a very interesting and a prestigious project. Uh, this is the first time a project of this scale is being done. So what we have recently signed is the contract for 10 years with Bharat Mandapam, and it gives us access for all advertising rights within the premises.

Suruchi Parmar - Analyst, NX Wealth Management
Okay,

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
And as I had mentioned, we are looking at an annuity revenue of 15 CR, and we see a big jump happening in

Piyush Jain - Analyst, Nivriti Wealth
This. So can you just elaborate more on this, how this order, what you have to do? And it is like you have to install some LED screen, and how many screen, and it will run 365 days I just want to understand how this such type of contract will work. What is your deliverable and what type of margin you will make?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
So any LED screen which will be displayed in ITPO will be from OSEL.

Piyush Jain - Analyst, Nivriti Wealth
Okay,

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Okay, that's the first part. This also includes Bharat Mandapam and the trade fair- I would call it trade fair or other exhibitions halls and area right? so we have the rights there. so that's the first part. and it's a partnership with the government of India and Bharat Mandapam.

Piyush Jain - Analyst, Nivriti Wealth
Okay.

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Okay. the other thing is that the revenue is generated through advertising here. what was the other question?

Piyush Jain - Analyst, Nivriti Wealth
So, okay, so what I'm trying to understand here is, see, uh, this Rs 15 crore revenue is for you is fixed. It is not depending on, on what, what type, how many advertisement the Bharat Mandiram will get or not. Is my understanding correct?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Uh, so no, that's not the understanding actually. So the deal is basically we are installing screens for digital advertisement there. And we will be responsible through our agency partners to get the advertisement revenues done, and which, which basically brings us the revenue for us. But looking at the ITPO being in the largest exhibition center in the country and most of the exhibitions happening in there, we are expecting to have good revenue numbers from there. And based on the

understanding which we have had from agencies and the minimum guarantees that the agencies are permitting us, we have derived a number getting into a Rs 15 crore business would not be very difficult for us to achieve.

Piyush Jain - Analyst, Nivriti Wealth
Sorry, a follow-up on this. What I'm trying to understand here is the advertisement- bringing the advertisement is your responsibility, and your revenue is fixed or variable? I understood Rs 15 crore is your assumption,

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Right? So our revenue that comes in. Our revenue is based on the advertisement revenue that comes in, for which we are responsible. And we have already tied up with agency- advertising agency partners who would be basically doing that agency sales or media sales for us.

Piyush Jain - Analyst, Nivriti Wealth
Okay, so what I understood, this, this revenue can go up and down also. Suppose you, you bring, uh, many advertisers, so your revenue can go up also, correct? Or maybe, maybe, uh, Today the rates are different, after 4 years the rates will be different. So, so your revenue share can go upside also. And what type of margin we will make here? Because our OPEX will be very limited here, because whatever the LED installation we will do, that would be the CAPEX, if I understood correct,

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Right?

Piyush Jain - Analyst, Nivriti Wealth
So what type of margin? It is, it is a pure, pure, uh, bottom line driven margin, or how to see this?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
No, so basically first we have to recover our CAPEX. So we expect a breakeven in 1.5 to 2 years into this. And once we have the breakeven, then we, we have the revenue. And there is a share with- as you mentioned, we have, we have to have a share with the partners also. Partners means our agency partners, ITPO and all. So that's how it will work. But we are expecting a breakeven of all our investment that we are doing in CapEx in 1.5 to 2 years.

Piyush Jain - Analyst, Nivriti Wealth
So from when the revenue will start flow? Any expected date?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Revenue has already started coming in for just first ITPO itself because we have just installed the screens there. And the India International Trade Fair has started from 14th. We have already booked the revenue of 2.4, 2.8 crores, I guess. We've already booked the revenue of 2.8

Piyush Jain - Analyst, Nivriti Wealth
Crores. How, how much? Uh, pardon,

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
2.8 crores revenue we have already booked.

Piyush Jain - Analyst, Nivriti Wealth
14 crores?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
2.8, not 13. 2.8? Yeah. Okay. Yeah.

Piyush Jain - Analyst, Nivriti Wealth
Okay. But

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
That's

Piyush Jain - Analyst, Nivriti Wealth
It.

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Please.

Piyush Jain - Analyst, Nivriti Wealth
Yeah. Yeah, just, just a few more questions. One on revenue growth side. See, we have achieved 190-odd crore something in the H1. So what is the number we are seeing? Because the last, last earning call we were discussing about some target of 500-odd crore, which we were expecting maybe near to that in the '27. So what is the guidance looks like for '27? And what is the road ahead for over and above '27-'28? And how's the hearing aid business doing? Is this business growing, or largely the growth is driven by mobile business?

How to understand these numbers?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Right, we are on track with the guidelines that we have provided earlier, so that remains same. And, uh, so as I said,

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
We are trying- we are getting closer to the customer. Um, we mentioned that Sound for Life and how we are planning to introduce our hearing aid, uh, to the market, which also brings in- so we should see an improvement in our margins there, which we have already mentioned. And also, uh, it brings us a service angle to our revenue, right? So hearing aid, we see a lot of activity happening there and hence growth. Uh, in terms of mobile, our focus will remain, uh, to, uh, get a, get a wider distribution because we believe that's the key to success in this, in that industry.

Is there anything I'm missing out?

Piyush Jain - Analyst, Nivriti Wealth
No, no, correct. So follow up on this, uh, we have done some partnership with some clinics also earlier, we said, which will help in our hearing aid business, just to understand what is happening there. And second part is, is the mobile business our less margin business? Because your overall trajectory of hearing aid is something around 18 to 20% margin business. Is the mobile business also on the lower side of the margin business, and as and when the mix will shift?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Hello?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Yeah, yeah. So basically there is no partnership, but we have acquired Sound4Live, and with that acquisition we have got around 42 clinics available to us for retail sales of hearing aids right now. These are multi-brand hearing aids retail points. So here we are expecting to add in our own brand of hearing aids also, OSEL brand of hearing aids, which will be dispensed or sold through these clinics. This clinic business, we are also targeting to add more number of clinics and increase our reach across the country.

Currently we are almost around 8 or 9 states right now, and we want to increase our presence in multiple states more as well. So that will basically add more sales for our hearing aid also with higher margins. And in terms of margins, yes, Philips mobile phone compared to hearing aids has got less margins, but we still have reasonably good margins on phones as well.

Piyush Jain - Analyst, Nivriti Wealth
Okay, on last question, on mobile side, uh, which category of mobile right now we are selling? Is it a lower end or smartphone or something, or average realization? And going forward, where we are heading towards a higher-end category smartphone or higher realization something, any color on this?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Yeah,

Piyush Jain - Analyst, Nivriti Wealth
Kapil will answer that. Yeah, hi, this is Kapil, a strategy head. So just to tell you, very good question. I want them to answer you. See, firstly, as you see, the prices increases across of all the categories. The- there is a big gap shift happened between a feature phone and a smartphone, and feature phone becomes a blue ocean because number of players are less. So our focus, as rightly said by Deepankar also, is for increasing the width of distribution. We are focusing one on that. Second, going forward, we will not only increase in the feature phone, but just to complement it, we will be going in the smartphone.

But Our first target would be to get all affordable mobile phones because of the increase in the price. The share of 47% degrowth has happened in the segmentation of less than Rs 20,000 where the market is there but the brands are not having adequate models. We would be positioning ourselves over there. So going forward from there, will we gain the advantage of selling smartphones under the Rs 20,000 consumer selling price? Price. And then going forward, we will step to the next segment, which is Rs 20,000 to Rs 30,000 between.

That's how we want to, uh, take up the revenue share up and take the positive direction in the mobile phone business. Okay, if I continue with one more question, uh, in H1, our cash flow from operation is negative. And any guidance on this? Because [Foreign Speech]

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
The good thing is we have a CEO joining, CFO joining us and I am sure that by the next time we will have better numbers on these things so no no my question is

Piyush Jain - Analyst, Nivriti Wealth
No no no no my question is receivable has increased from 66 and crore to 100 and crore so

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Basically receivables are because of the sales are happening here and in fact last time sales of Felis mobile phones and all friends which has gone to dealers distributors for Diwali sales dost numbers have added up to this which eventually will obviously be the recovery

Piyush Jain - Analyst, Nivriti Wealth
Hello, uh, hi, am I audible? Yes, perfect. I have 2-3 questions. Uh, first is on the new vertical that you have started, uh, with the LED rental and the CMS software. So I wanted to understand, you recently mentioned that, uh, you know, we intend to break even on our investment at 1.5 to 2 years. So that basically gives us an idea that our rental ROE on that particular division is close to 60-odd percent. You mentioned that we'll be doing 10 CR in the business yearly. So wanted to understand like what will be our CAPEX to install such businesses per se.

And second of all, if we plan to really go deeper and more full-fledged into this segment, so that will make it a very CAPEX-heavy business. So, and, um, you know, in a rental kind of a business, we wanted to understand how do we plan to fund if we really want to expand and grow fast and open up more such locations. So I want you to understand your strategy on this. Is it just a one POC thing that we are doing right now, or do we have a full-fledged strategy around opening up more such locations and, uh, you know, verticals?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Okay, so see, India has a huge market for digital advertisements. And it's a growing market as well.

Piyush Jain - Analyst, Nivriti Wealth
And since

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
We are into basically manufacturing of LEDs, which basically becomes the backbone of this digital out-of-home advertisement,

Piyush Jain - Analyst, Nivriti Wealth
So

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
We are very well positioned to actually do a forward integration for this. Okay, so because we are the manufacturers, and if we get into this, so we have a better advantage than any other competitor into this market basically. And also, so far it is not very organized.

Piyush Jain - Analyst, Nivriti Wealth
So

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
This is where we see a good traction that can come to us as well. Now what is happening is here we believe that ITPO or the Bharat Mandapam is supposedly the top location for digital advertisement in the country because it has got the highest footfall in terms of exhibitions happening there. And like site name itself, Bharat Mandapam itself is the biggest name currently in the country. In terms of

location. So while we are trying to enter that segment of digital out-of-home and digital advertisement segment, we have got our best foot forward in the first step itself.

So in the first step itself, we have got the best location available to us. And certainly, once we have- once we gain some experience with this, we intend to get more serious into this business. In terms of funding, yes, it is capital heavy because first you have to invest your funds install the screens and then you like get the revenue and basically cover the money. But the recovery is very fast. 1, 1.5 years is a very quick recovery for breakeven, any breakeven basically. And after that, 7 years, 8 years, or 10 years, you get continuous revenue from that, which is a very good scenario actually.

Piyush Jain - Analyst, Nivriti Wealth
Understood. And how are the cash flows phased into it? Like the payments, do they happen monthly?

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
So, uh, just to add to what Ravi said, I think this is a very prestigious and important partnership for us because there are more centers which can open up. So we will watch it very closely, evaluate, and then take a decision, right? Uh, so it's, it's a, it's, it is, can be a huge business opportunity.

Piyush Jain - Analyst, Nivriti Wealth
Understood. Um, perfect. And the second question is more on the mobile division segment. I wanted to like over the past 6-8 months since we've been actively running this segment, we never had an understanding of the MOU we have with Venotel. So just wanted to understand what is the MOU like with that company who's handling the distribution for us in terms of not only the margins but also the MOQ commitments at our end, working capital, any inventory, let's say commitments that we have to fulfill, inventory risk.

All of these things. So just wanted to get a clarity on this. How are we,

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Uh, placed on the MOU with them?

Piyush Jain - Analyst, Nivriti Wealth
Okay, uh, thank you for asking this question. So this is Kapil. So, uh, in the MOU, it has been clearly defined as other mobile companies do it with their distributors, that we all together in, in the same line of a business whereby we have the demand is there of the Philips mobile phone and it's be fulfilled by them, and we keep these same kind of, uh, what do you call it, credit periods and same time of turns that has been happened similar to what is there in the industry. So that MOU has been clear understanding about it, and keeping a one distributor means that we want to bring a transparency into the business whereby all terms and conditions to be fulfilled from both the ends.

Understood. Uh, so, and in terms of our contract manufacturer, uh, do we have a commitment that, okay, we will have to take up these many quantities, or is it variable? What kind of

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Inventory risk do we have in this segment?

Piyush Jain - Analyst, Nivriti Wealth
So, uh, we- this is a very, uh, supply chain-oriented thing, starting from the origin, from the raw material till the end production, to the sellout happening at the stores. We have a complete kind of a

contract with every place Firstly at the manufacturing end and second with the distributor of picking up that metal. So that is end-to-end. Understood. Uh, and, and let's say on the unit level, I wanted to understand like how are we placed on the, you know, how are we growing month on month, not only with the distribution onboarding.

Second, how, what has been the repeat rate for our mobile phones at a per distributor level? How is it growing? Uh, so a little more clarity on the unit sales whichever is possible. And second, at the smartphone penetration level, I believe our idea would be that we leverage the feature phone distribution and then we use our smartphone and penetrate that same distribution. So just wanted to get a clarity on that. And, and the most important thing at a strategy level, uh, you mentioned that our goal toward mobile phone is to build a distribution network and own the end-level, uh, users.

Now you have- Kapil has recently onboarded who's come from Samsung and a similar pedigree. So do we plan to leverage our existing distribution and partner up with more such brands like Philips and venture out into other categories as well? Just a little more understanding of the strategy. So these 3 questions as my final questions. Thank you. Okay. Kapil, this side. So I'll just attempt to give a reply to each and every query. Firstly, your understanding about the business is absolutely right, and as you rightly gauged us that we are working on the width of distribution.

Now coming question by question on this, see how we have tried to get this business scaled up, because all of us, we understand one, if the pedigree is about the feature phone, and the second is the smartphone. Feature phone is never hit you back in any way, whether it is a call cost or anything else, or demand or anything. That's a very free-flow business. It only requires distribution, and there are less number of players. So first strategy is with the help of feature phone, where we are into at this moment into the 4-digit, we would be going towards the 5 digits very soon in the coming months.

Coming month means in a quarter. So that is the first goal we are going to achieve in the feature phone. Now going to the smartphone, We wanted to go a very constructive approach. Firstly, a DMDC- different model, different channel- means there is an organized trade, there is an online trade, and there is a GT trade. So we will go in a structured kind of a distribution DMDC model, we call it different model, different channels. And thirdly, we will go the target-by-target segmentation, firstly on the product side, uh, which is under Rs 20,000, so that there should not be a fierce competition Second, we will move towards it with the right kind of product assortment to every catering, each and every channel.

And thirdly, leveraging- since we have already started penetrating through a feature phone, we will be getting a leverage of the same store and selling the smartphone. And on your third question, this is one category. So moving forward, when once we created a distribution network- currently we have around more more than 280+ distributors active working for us. We have 400, plus 280 are active, and we have already crossed around close to around 18,000 to 20,000 retailers. We will be working on the creating and strengthening this complete distribution network of retailers and distributors.

And not only the mobile phones, other category also can be flow through it once we are set up with the distribution, because now we are near to the consumer in this category.

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Yeah, yeah, so I got the qualitative elements that you've mentioned, but those

Piyush Jain - Analyst, Nivriti Wealth
Strategies, will it be too soon for you to give some quantitative success with the initial cohort if possible, or that'll be too soon for you to make a judgment? That'll give us an understanding and a runway on how things are scaling up going forward. See, uh, as I joined them, um, on 17th of October 2026, it's about to be 1 month exactly. So looking from here, I see it that in the numbers terms, as you wanted, uh, into the quantifiable part, the distribution- we have reached to around 280+ active distributors.

So our strategy, to be very clear, every month on month the active distributor should be built. That is first part. Second, on the feature phone, on the numbers front, it will help and excite that we are in a 4-digit, which I said it. So we would be going towards the 5-digit numbers, which will make us to strengthen our position in the feature phone and get some share out of it. Thirdly, on the smartphone, as I clearly tell, tell, uh, tells you about the smartphone strategy, we will go with the retailer-by-retailer concept.

Rather than distribution across India, we'll go channel by channel and targeted segmented approach whereby less than 20,000 and on the network of the feature phone we will be driving the smartphone numbers. Understood. Thank you so much, sir. Thank

Operator
You. Thank you. We take the next question from the line of Param Jain, an individual investor. Please go ahead.

Param Jain - Analyst, Individual Investor
Hi, thank you for the follow-ups. So, so firstly, my question is, uh, why did we choose pref- uh, preferential allotment as a method for compensating, uh, Mr. Kohli, like the new hire that we had for the LED display segment? Because, uh, Mike, I'm asking this because there is no kind of, uh, execution track record or anything for our company. That we can see. So like, why just pay him a pref instead of like, uh, just giving him some compensation?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Uh, I could not understand your question properly, but I would just still try to gauge what I assumed about your question. So it's basically a pref given, uh, it's not a compensation pref, it's basically he is- he or she is investing in the company to- and also becoming a part of it, basically. So to showcase the confidence and be a part of the growth story as well. So it's not a compensation, but it's basically a partnership being offered onto that.

Param Jain - Analyst, Individual Investor
Okay, okay, okay, got it. And, uh, sir, there were also 2 valuation reports. One stated a valuation of Rs 362 per share and another at Rs 412 per share. Now I was sort of confused on what valuation we are doing the pref at. Is it at 412 confirmed or is it at 362? Because another report said 362.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
I think it goes to the higher value first, so it is 412.

Param Jain - Analyst, Individual Investor
412. Okay, okay, okay, okay, sir. And, uh, my next question is how many Philips phones did we- uh, the smartphones did we sell in H1? Like, can you quantify the number?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
One second. We have sold 21,000. So we launched in August, basically 21,000 has been sold so far.

Param Jain - Analyst, Individual Investor
21,000 phones, okay. And, uh, like, how do we see this number ramping up going to into 2028, 2029?

Piyush Jain - Analyst, Nivriti Wealth
Okay, let me try to attempt that question, Mr. Jan. Yeah. Uh, this number is 21,000 because we launched in the month of August. The things has been done at the last, last of the week of August, so hardly a 2-month story. And as we are strengthening DMDC, for which we are getting more models of different model and different channels, this would be having a cascading effect. And I'm sure about it that we will be coming up with good digit numbers in in the coming quarters.

Param Jain - Analyst, Individual Investor
Okay, okay, sir. And, uh, from the- from it again, from a demand standpoint, what are, uh, retailers and distributors telling you all about the phones? And, uh, has it start till now been a success in terms of operational- or in terms of the phone operating well and there being any issues or follow-up calls? How has that been?

Piyush Jain - Analyst, Nivriti Wealth
Okay, I attempt to answer the question. Firstly, how you see a success of a story of any mobile phone? 57% of the smartphone which has been sold in 2 months has been active. This is the first success story. So because channelization takes time from the distributor to the retailer into a consumer, so we are in the right approach that this shows that the products which has been placed at the counter, they are selling also. So that's the first part. Second, till now we have not reported not even a single major defect in the phone, and it is perfectly fine that consumer reviews are telling us that it is going in the right direction.

So we are happy about it, and we really want to enrich the consumer experience in the coming models also.

Param Jain - Analyst, Individual Investor
Okay, okay, okay. So, uh, do we plan on new devices going forward, like apart from the 10 to 20K range?

Piyush Jain - Analyst, Nivriti Wealth
Okay, uh, in this smartphone, our strategy would be channel strategy, in which different model in different channel, and there would be a different pricing strategy. But we will not go above Rs 30,000 at this level because firstly we have to be deeply penetrated. Best way to extract and then move forward in the upward towards the Rs 30,000+ or Rs 40,000+.

Param Jain - Analyst, Individual Investor
Understood, understood. Okay, sir, that answers my question. Thank you so much.

Piyush Jain - Analyst, Nivriti Wealth
Thank you.

Operator
Thank you. We take the next question from the line of Vikrant Sharma, an individual investor. Please go ahead.

Vikrant Sharma - Analyst, Individual Investor
Hi, sir. My question is, do we have any update on new added distributors in mobile phone segment?

Piyush Jain - Analyst, Nivriti Wealth
Okay, uh, every, uh, every week or every day that new distributors comes. The most important is the trajectory of active distributors who bill every month on month, it is increasing. So we add up around from last month to this month, we have added around 25 distributors. So that's the numbers for additional distributor, but distributors serve to many retailers. That brings the near to the consumer the product.

Vikrant Sharma - Analyst, Individual Investor
We see good clients in presentation. Do we serve these clients on regular recurring basis? Yes,

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Most of our clients are repeat customers. Whether it is Durdarshan, Alimco, PVR, all those customers are repeat customers for us.

Vikrant Sharma - Analyst, Individual Investor
Okay. Also, if you can throw some light. On operational update on JNPA?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Uh, as I have mentioned earlier to another question also, JNPA is being worked out and there has been some delay on the approvals for, for the product project. Basically, we are awaiting the approval which are expected to come once the board meeting happens for JNPT, and once we have that in place, we will have a clear guideline on that. But currently we are just waiting for approvals and all.

Vikrant Sharma - Analyst, Individual Investor
Okay, thank you.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Thank you.

Operator
Thank you. We take the next question from the line of Kailash Kumar, an individual investor. Please go ahead.

Kailash Kumar - Analyst, Individual Investor
Thank you for the opportunity. Can you please explain me what is the intangible asset we have added in first half?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Intangible asset. So one of them is basically the CMS application, which is our digital signage software application that we are using. And this has already been, as we have mentioned, we already have got some 1,000+ screens installed onto that right now. And the good thing is the

banking sector is our customer in this, and the retail sector is also our customer. So we have got good validation on our software product as well. So that is one major thing that we have added into it right now.

Kailash Kumar - Analyst, Individual Investor
So do we have paid any amount for this intangible asset?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
So we have our in-house team, in-house R&D team, which is basically building up all these applications. So we have in-house capability of developing and building hardware and software products, and our team is very much capable of that.

Kailash Kumar - Analyst, Individual Investor
So how much of the amount is related to that?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
That segregation I will have to look into it. I don't have it ready right now.

Kailash Kumar - Analyst, Individual Investor
I think this Rs 21 crore came first time, so I think Rs 21 crore belongs to that only.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Rs 21 crore from where?

Kailash Kumar - Analyst, Individual Investor
Rs 21 crore shown in the balance sheet.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
I'm not sure about the numbers which you are referring to. If you can just guide us on that.

Kailash Kumar - Analyst, Individual Investor
Can you tell me what is the amount of, uh, this, uh, research part which you capitalize? Can you tell me the exact amount?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
I- that's why I say I don't have the data ready right now, but,

Kailash Kumar - Analyst, Individual Investor
But it is shown in the billing. I would request you

Operator
To please join back the queue for follow-up questions. Thank you. We take the next question from the line of Piyush Jain from Nivriti Wealth. Please go ahead.

Piyush Jain - Analyst, Nivriti Wealth
Yeah, thank you for following. Uh, just referring to the last participant question, which he was referring to a Rs 21 crore of intangible assets. Is it related to some acquisition of SSL? Have we paid something to, to acquire SSL and this intangible is capitalized Because of this.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Okay, yeah, I see that right now. So yeah, there are payments done for SFL acquisition as well.

Piyush Jain - Analyst, Nivriti Wealth
How much, how much we paid for SFL acquisition?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
SFL acquisition, we have paid around 7, I think, from this, uh, from OSEL we have paid 7, 7 crores, I guess.

Piyush Jain - Analyst, Nivriti Wealth
How much? Come again, pardon?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Approximately 7 crores.

Piyush Jain - Analyst, Nivriti Wealth
Okay, then one, one more thing. Uh, are too much of money is being stuck in the working capital? Because in 6 months also our receivable has increased, our inventory has increased, there is some advance to suppliers also I believe increase, and our borrowing is also increased from 94 crore to 145 crore. So how we want to fund? Today we are doing one 200-300 crore revenue last year, and we did half year 194 crore. Whenever we scale, how we will fund this working capital? The way the working capital is increasing, it is eating away too much of the liquidity.

And then every time and then we have to either depend on the debt or equity.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Basically, in the current scenario, looking at the current international scenario, all the lead times for some supply chain has increased, which has basically increased our advance and cost into inventory. But gradually this will improve on and we will have better cash flow available to us.

Piyush Jain - Analyst, Nivriti Wealth
Okay, one more thing. There is some advance acquisition given for Not Solution Private Limited in the FY26 or something. So what we are acquiring here, or are we acquiring, or we paid, and what type of business we are acquiring here?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
It has been given as an advance to Mark Solutions, and, uh, something work on it, and we'll be disclosing it later on. On this,

Piyush Jain - Analyst, Nivriti Wealth
I'm not able to hear your voice clearly, but we must have seen some business because of this. We have categorized this advance for acquisition. In 2026 March also, we have given some money for advance. So if something is deal is not happening, then why we are keeping stuck our money to somebody else?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Correct. So they are basically into telecommunication business wherein they are connected to all the telecom partners including Bharti Airtel, BSNL, Singapore Telecom, and all those things. And we are working on some, something together with them, which will soon be approaching everybody

Piyush Jain - Analyst, Nivriti Wealth
After that. But, uh, if the deal is not done and consummated, does advance needs to be given to a third party or it is a related party?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
As the deal is on, basically there's nothing happening with the deal,

Piyush Jain - Analyst, Nivriti Wealth
Basically. Okay, thank you.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
Yeah,

Operator
Thank you. We take the next question from the line of Param Jain, an individual investor. Please go ahead.

Param Jain - Analyst, Individual Investor
Thank you, sir. So, sir, I just wanted to ask that what kind of revenue and EBITDA guidance can you guys provide for like FY29 and FY28? Like, will we be able to maintain the same growth rate and similar margins even when we enter FY29?

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
I, I think for the next 4 or 5 years, uh, we, we should be on the similar lines.

Param Jain - Analyst, Individual Investor
Okay, okay, okay. And, uh, so secondly, uh, just a generic question. We had parked some money from the latest pref in debt funds, so I just wanted to understand the rationale behind that.

Rajendra Ravi Shankar Mishra - Managing Director, OSEL Devices Limited
So that was basically to have some interest arbitrage gain for that, because while the money is parked and not utilized it could basically gain some, but at the same time cash flow is made available to us. So on those understanding also, but now with the new CFO coming in and we also have a banking expert joining in us, joining us for that, and they'll be restructuring the whole thing in a most efficient manner. Okay, okay, that sounds good. Thank you, sir.

Operator
Thank you, ladies and gentlemen. Due to time constraint, we take that as the last question and we conclude the question and answer session. I now hand the conference over to Mr. Deepankar Ghoshal for his closing comments.

Deepankar Ghoshal - Chief Executive Officer, OSEL Devices Limited
Thank you all for joining this call. It was a pleasure interacting with you, and we are, we are quite confident about the guidance that we have given here. We are confident about achieving it. Thank you so much.

Operator
Thank you. On behalf of OSEL Devices Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your line.