HIGHNESS MICROELECTRONICS LIMITED

Date: November 09, 2026

To,
The Manager – Listing Department,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai, 400001
Maharashtra, India.

Company Scrip Code: 544741

Subject: Transcript of Earnings Call for the half year ended September 30, 2026 of Highness Microelectronics Limited ('the Company')

Dear Sir/Madam,

This is further to our letter dated November 07, 2026, whereby the Company had submitted the link of the audio recording of the Earnings Call hosted by the Company on Friday, November 06, 2026 at 01:30 p.m. (IST) post announcement Unaudited Financial Results for the half year ended September 30, 2026.

Regulations 30 and 46 read with sub-clause (ob) of Clause 15 pf Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings call held on Friday, November 06, 2026. The transcript is also available on the Company's website at https://highnessmicro.com/

Kindly take the same on your records.

Thanking you,
Yours faithfully,
For Highness Microelectronics Limited

GAURAV KEJRIWAL
Digitally signed by GAURAV KEJRIWAL
Date: 2026.11.09 19:08:12 +05'30'

Gaurav Kejriwal
Managing Director
DIN: 01506981

“Highness Microelectronics Limited
Q2 and H1 FY27 Earnings Conference Call”
November 06, 2026

MANAGEMENT: **MR. GAURAV KEJRIWAL – MANAGING DIRECTOR – HIGHNESS MICROELECTRONICS LIMITED**
MR. MAYUR GORI – CHIEF FINANCIAL OFFICER – HIGHNESS MICROELECTRONICS LIMITED

MODERATOR: **MS. JANHAVI PATIL – INVESTOR RELATIONS – ORIM CONNECT**

Moderator: Ladies and gentlemen, good day and welcome to Highness Microelectronics Limited Q2 and H1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 this 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. Janhavi Patil from Orim Connect. Thank you, and over to you, ma'am.

Janhavi Patil: Thank you. Good afternoon, everyone, and a warm welcome to all of you. I'm Janhavi Patil from Orim Connect representing the Investor Relations team of Highness Microelectronics Limited. On behalf of the company, I would like to thank you all for joining us for the Q2 and H1 FY27 earnings conference call.

We are joined today by the company's senior management team, Mr. Gaurav Kejriwal, who is Managing Director, and Mr. Mayur Kumar Gori, who is Chief Financial Officer. Thank you for taking the time to join us today, and I would like to hand over the call to Mr. Gaurav for his opening remarks. Following his address, we'll open the floor for Q&A.

Thank you, and over to you, sir.

Gaurav Kejriwal: Good afternoon, everyone, and I wish you all a very happy Diwali. I warmly welcome our shareholders, investors, analysts, and all participants to the H1 FY2026-'27 earnings call of Highness Microelectronics Limited. The first half of the financial year has been an important period for the company. We have delivered encouraging growth in revenue and profitability while continuing to build the capabilities required for our next phase of development.

I would like to thank our customers, employees, suppliers, bankers, and shareholders for their continued confidence and support. During H1 of FY2026-'27, revenue from operations increased to INR12.01 crores from INR7.35 crores in the corresponding period last year, representing year-on-year growth of approximately 63.4%. Profit after tax increased to INR2.47 crores from INR0.92 crores. Now, these results are encouraging.

At the same time, our focus is not limited to achieving higher turnover. We want to build a business with sustainable customer relationships, sound execution, strong product quality, and disciplined financial management. Our business is focused on specialized displays and imaging solutions for defense and aerospace, railways and transportation, medical and healthcare, and industrial automation.

Now, these markets require customized engineering, product reliability, quality assurance, and customer qualification. We believe that our experience in these applications gives us an opportunity to differentiate ourselves from suppliers competing only in standardized and price-

sensitive products. Our product portfolio includes TFT LCD modules, touchscreens, medical-grade monitors, stretched LCD displays, and customized LCD solutions.

We will continue to deepen our capabilities in applications where engineering and customization are important. An important part of our strategy is to strengthen manufacturing integration and progressively increase value addition within the company. We are working towards capabilities in glass cutting and resizing, optical bonding, and other specialized manufacturing processes.

Now, these capabilities are intended to improve process control, quality, delivery reliability, and our ability to offer integrated solutions. Localization is also a strategically important factor. We continue to evaluate opportunities to bring domestic sourcing alternatives and reduce supply chain concentration risks while maintaining the quality standards required by our customers.

Our proposed Goa manufacturing facility is an important part of our long-term manufacturing plan. The objective is to create infrastructure that can support additional manufacturing processes and future customer requirements. We will approach this project in phases and align expenditures with project readiness, customer visibility, funding availability, and expected utilization. We do not intend to create capabilities simply for the sake of expansion.

Our investments must support productive capacity and commercially viable opportunities. During this period, we have also received interest from our customers who are asking us to fast-track our Goa factory, and therefore, as a company, we have taken up a project named Goa Fast Track, where we are setting up a line on leased space before the factory is ready, to meet the requirements of customers who need our displays on an urgent basis.

Our immediate priorities are to convert the customer pipeline into executable orders, improve delivery and collection discipline, strengthen capacity utilization, and continue developing our presence in core sectors. We will also continue to pursue export opportunities where our customized products and technical capabilities can meet customer requirements. In doing so, we will remain mindful of foreign exchange exposure, imported input dependencies, and working capital requirements.

We recognize that the company's next stage of growth will require consistent execution. The H1 results are encouraging and we are headed towards a rapid growth phase, but we also recognize the importance of cash flow, working capital management, and disciplined capital allocation. As a listed company, we remain committed to transparency, governance, and responsible communication with shareholders.

Our objective is to build Highness into a stronger and more integrated Indian specialized electronics manufacturing company, creating long-term value through capability building and profitable growth. So thank you for your continued trust and support. I will now invite our Chief Financial Officer to take you through the financial performance in greater detail. Thank you.

Mayur Gori: Thank you, sir. Good afternoon and happy Diwali, everyone. I am Mayur Kumar Gori, CFO of the company. Thank you for joining the H1 FY2026-’27 earnings call. I will take you through the company's financial performance for the 6 months ended 30th September 2026, covering revenue, profitability, balance sheet, and cash flow.

Revenue from operations for H1 2026-'27 stood at INR12.01 crores compared to INR7.35 crores in H1 2025-'26, registering year-on-year growth of approximately 63.4%. Other income was at INR0.44 crores compared with INR0.02 crores in the corresponding period. Accordingly, total income for the half year is INR12.45 crores compared with INR7.37 crores. The increase in revenue is encouraging.

We will continue to focus on order execution, customer collection, and ensuring that growth is supported by appropriate working capital planning. Operating EBITDA is INR3.85 crores compared with INR1.77 crores in H1 FY2025-'26. The corresponding operating margin improved to 32.1% from 24.1%. Profit before tax increased to INR3.29 crores from INR1.20 crores in the corresponding period last year, an increase of 173.9%.

Profit after tax increased to INR2.47 crores from INR0.92 crores, representing growth of 167%. PAT margin improved to 20.6% from 12.5%. Now, look at the cost structure. Cost of goods sold, which includes the material consumed and the change in inventory, was INR2.7 crores compared with INR2.26 crores in the corresponding period, an increase of only about 3% against the revenue increase of 63.4%.

Employee benefit expense increased to INR2.6 crores from INR1.35 crores, or 21.7% of revenue compared with 18.3% earlier, as we continue to build our team and capability needed for the next growth phase. Other expenses were INR2.85 crores compared with INR1.61 crores. Going forward, we will keep a close watch on employee and other expenses so that operating leverage is sustained.

Finance cost is INR0.48 crores compared with INR0.46 crores in the corresponding period, and depreciation stands at INR0.52 crores from INR0.37 crores. As for the balance sheet position, as of 30th September 2026, total assets stood at approximately INR43.62 crores, shareholders' funds at INR29.08 crores, long-term borrowings were INR2.7 crores, and short-term borrowings at INR4.38 crores, taking total borrowing to approximately INR7.08 crores.

On the asset side, inventory stood at INR8.2 crores, trade receivables at INR13.73 crores, short-term loans and advances at INR2.3 crores, while the other assets stood at INR10.53 crores. Cash and cash equivalents stood at INR1.68 crores. Cash flow position. Now, the cash flow statement reports net use of cash in operating activities of INR14.58 crores.

The principal working capital movement includes increase in trade receivables of approximately INR3.37 crores due to sales in the last month of the quarter, advance payment paid to suppliers, increase in short-term loans and advances, and the increase in other current assets. There was also a reduction in trade payables of approximately INR3.47 crores and a reduction in other current liabilities of approximately INR0.78 crores.

This movement contributes to the operating cash outflow. Net cash flow from investing activities stood at INR3.65 crores, primarily reflecting our purchase of fixed assets and plant and machinery. Net cash used in financing activities was approximately INR1.9 crores. Our financial priorities for the second half are to sustain the revenue momentum while protecting margins, improve receivable collections, cash conversion, monitor advances and other current assets,

optimize inventory and supply terms to ensure that the capital expenditure is placed in line with the business requirement and funding capability.

We will continue to monitor borrowing costs and liquidity requirements of the company as it grows, and remain financially disciplined. To summarize, I would say H1 FY2027 has delivered strong year-on-year growth in revenue and profitability. As we are heading towards a fast growth and expansion phase, our objective is to ensure that the growth translates into sustainable profitability, strong cash generation, and long-term shareholder value. Thank you. We are now open for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Atharva, an individual investor. Please proceed.

Atharva: Yes, sir. Good afternoon. Am I audible?

Moderator: Yes, sir.

Atharva: Hi, sir. So, could you please explain what exactly is the objective of the recent fundraise? Like, how does the company intend to use these proceeds?

Management: Can you repeat the question? Your voice is a little low.

Atharva: Just a second. Hello. So I asked, could you please explain what exactly is the objective of the recent fundraise?

Management: Yes. The recent fundraise, I think what you're trying to ask is what is the objective of the recent fundraise. So I think during my speech I did mention about our project which we have named as Goa Fast Track. We have received an out-of-the-box opportunity from energy sector. At the moment I may not be in a position to share names, but we are at an advanced stage of signing an MOU with a customer.

And furthermore, we are also at a very advanced stage of finalizing orders with a second customer. Now, these are immediate requirements because those customers have PLI obligations on them and they would like to increase their local content. Currently they are buying LCD displays and other display components from overseas and importing, but they would like to source them locally and therefore they have some immediate requirements.

We have been engaged with them for the last couple of months, and now since it is very close to finalizing, we have decided to set up a fast-track line of manufacturing to support these requirements. Since the main factory will take about a year to be live, we cannot wait for that long, so we decided to lease the space and set up these lines in the interim period to support these

immediate requirements. So the current fundraise is meant to support this particular Goa Fast Track project.

Atharva: Understood, sir. And sir, on the medical display side of business, could you explain what's the opportunity size and what's the margin trajectory that the company envisages?

Management: I may not be able to give you exact size of the opportunity, which means exact size of the market, but then I'm sure you agree that after COVID the healthcare spending from government as well as the private sector has increased. And there is a lot of capital purchase happening all around. Highness happens to be the only company that manufactures medical-grade surgical monitors in India.

We are also listed on the Government of India, Ministry of Health & Family Welfare website where our name features as the only company to have the license to manufacture these medical-grade monitors in India. So the opportunity size is pretty big because we are already getting inquiries and we are getting interest from customers who want to use Make in India project.

There are also a lot of government-related tenders where Make in India is given preference. So we do enjoy an edge over other imported options. Margins, if I were to talk, we have a pretty decent margin of about 30% to 40% in these medical-grade monitors because we have designed these ourselves and we manufacture them locally. So we enjoy a very healthy margin on these products.

Atharva: Okay, sir. And are there any specific certifications or approvals required for others to enter these segments?

Management: To start with, all our products are BIS approved, which is the mandatory requirement from government. After that, I would say that we have the CDSCO MDR 14 license, which is a compulsion for all medical-grade manufacturing. If it is done within India, you have to have a medical device regulation. We have those.

Thirdly, our factory in Rabale is ISO 13485 certified, which is a medical standard. Many of our products which have export potential have European CE, which are already now being used by a wide range of customers. So yes, these are some of the certifications that our medical-grade products have now.

Atharva: Sure, sir. And sir, you mentioned about the Make in India opportunity. Given India's dependence on imported displays and components, may I ask how does the company intend to contribute in this import substitution opportunity and Make in India initiative?

Management: First and foremost, we can just start with the processes because even if the raw material is coming from overseas, we don't need to pay for the process and process includes the design, the integration, the assembly. So those processes can be done locally. So that's why we have set up our glass cutting line and we are setting up our new facilities. So even though our bill of material has goods which are import reliant, but at least the processes and the labor and other things required, even if it is a design cost, etcetera, we are localizing those things.

Meanwhile, we are also trying to encourage import substitution by using locally available products. So there is the ecosystem which is building in the country as far as electronic manufacturing is concerned. So just to give you an example, if you were to make a controller board earlier, we would get it made overseas. But now with so many EMSs and so many manufacturing SMT lines available within India, we don't need to do that overseas. So putting it all together, it is contributing a great deal to Make in India opportunity for us.

Atharva: Understood, sir. And so one last question, over the broader display industry, how does the company intend to position itself in the value chain? Like, is it going to remain focused on specific display applications, or does it see opportunities to expand across the display value chain?

Management: So I can say that we do not intend to enter the commercial market as of now. For the foreseeable future, we will never be making a TV or a cell phone display or a laptop or a monitor display because those are commercial displays and we do not have any intention of entering those markets. But other than that, the other segments that we cater to, starting with industrial automation, has a great future because everything is automated in India.

As far as medical and healthcare, I already mentioned there is increased capital purchasing in the healthcare segment and there is a lot we can do. We are also doing great with the transportation segment because we are supplying a lot of displays to Indian Railways for long-distance trains and urban metro system and subway system, etcetera.

With surveillance and defense and avionics, yes, that is the key focus area for us and there is already an increased spend on defense segment from the government. So the opportunities are pretty big in front of us. We would like to position ourselves as a key domestic display supplier, as well as we would like to grab the opportunities available overseas for export potential.

So we have already done decent-sized exports in last year, and we are positioning ourselves as a key player in the display supply chain, one that people can buy from as an alternate source and not just depend on one country, we would like to present an opportunity to them to buy from us.

Atharva: Okay. Understood, sir. Thank you. That's all. Happy Diwali and congratulations on the great…

Management: Happy Diwali to you also.

Atharva: Thank you, sir.

Moderator: Thank you. The next question is from the line of Siddarth from NAFA Asset Managers. Please proceed.

Management: Hello, Siddarth.

Siddarth: Good afternoon, sir. Good afternoon, Gaurav sir. Congrats on the great set of numbers. I hope I'm audible.

Management: Yes.

Management: Yes, please. Please go ahead.

Siddarth: Yes. So my first sort of question is on your receivables. And on the Arihant conference, we questioned earlier where the receivables, it was making up a major portion of last year's receivables, close to 30%, was said to be -- I mean, a large portion of advances were being received and it was said to reduce this quarter.

But on the contrary, this half year's receivables went up slightly. So I'd like to get some clarity on it. And if you look at the payables, it is also reduced, whereas if you look at FY26 payables funding, supplier funding was a major reason why we ended up cash positive. So just some light on the receivables and payables would be good, sir.

Management: So yes, thanks, Siddarth. I would like to elaborate on this subject. Specifically speaking, there were two parties from which there were receivables in the previous year, one from UAE and the other from Australia. But I would like to mention that quite a huge amount of receivables have already been received from both these parties.

And, in fact, the receivables from them are now down to 50% from the original numbers. So that has happened in the H1 of this year. Now, while you see the number -- the reason the number is bigger than the previous receivable number is not these parties. The receivable number from these has already become 50% from original, but we have had some sales in September for which the proceeds received are in October.

Therefore, you see a number which is bigger in terms of receivables. However, these are the new receivables and not the old ones.

Siddarth: Okay. Understood. And my follow-up is on the cash flow guidance as a percentage of EBITDA in the years to come. And there were two guidances specifically if I trace back to last filings. One is FY27's full-year guidance of 27% to 28% close of top line. It also says INR30 crores of top line in Q4 and the Arihant conference is differently.

So just trying to understand what is the guidance that you have for the full year of FY27. And, Yes, that would be my questions.

Management: Okay. So that's -- so Yes, we are pretty much well in line with achieving our targets. We would like to in fact, see if we can top it up. However, I may not just give you any number at the moment. We want to back our projections with the visibility we have. And then there is a pretty decent projection for the H2 we have in front of us.

And, like I said, historically H1 is slightly slower for us, H2 is much stronger. So whatever you see in H1 is a cyclical, historical number. You will have better numbers in H2, and we are pretty much well in line with achieving our targets that we have projected.

Siddarth: Understood. And on the cash flow part, so how do you expect it on the years to be?

Management: So the cash flow that you see right now is the result of some advances that have been made to creditors for purchases of the goods. And also, as you rightly mentioned, the previous payables have come down. That is why the cash flow looks as it does.

Management: Okay. The cash flow statement reports a net operating cash use of approximately INR14.58 crores. That indicates accounting profit has not yet translated into the operating cash. We paid advances, we paid to the trade payables. So that shows that the cash is engaged in the operating activity which will be realized this quarter.

Siddarth: Sure, sir. I'll end my questions with the last set of questions I have. So the thing is, on last quarter and on Arihant conference as well, you expected to outdo your firm projections of order book projections of soft projections of INR30 crores, from traction -- from Delhi and your approval wins on the Chennai Metro as well.

An update on it. And in June call, I mean, it was also mentioned that you had INR5 crores to INR6 crores of cumulative opportunities for Australian railway service providers. An update on it. And the last would be the H1 split by segment-wise and your geographical split of H1.

Management: Okay. So Siddarth, we are well engaged with Delhi Metro. We are doing a decent number of trains with them. The orders that were in progress are still running because we were supposed to deliver almost about one train every 40-45 days, which is already going on. So our engagement is pretty much there. We are also expecting to win a few more new orders which are expected in H2.

I may not say Q3, but probably entire H2 is what Delhi Metro new order should come. Chennai Metro orders have been dispatched in H1. New orders are also expected because there is a Phase 2 expansion happening, and we have bid for that, and we feel ourselves pretty confident because there is also a push from Chennai Metro for using Made in India products.

And therefore, the glass cutting line we installed at Rabale will come pretty handy to us. We are already inviting a lot of government officials to come and see the line here, which in turn builds a lot of confidence in them when they vouch for a Made in India product. As far as the opportunity from Australia is concerned, yes, there was some exports already in H1.

There will be more exports happening because we are working on a few more orders in H2. We are also participating in AusRAIL later this month because we see Australia and Oceania as a great opportunity for our products. So Yes, that's another update. As far as segment-wise breakup, I may not be able to give you that right away, but I can get back to you through Orim with the exact details on that.

Siddarth: Understood. Thanks, Gaurav and Mayur sir. Wish you guys all the best. And happy Diwali, sir.

Management: Thank you, Siddarth.

Moderator: Thank you. The next question is from the line of Ashish Soni from MM Capital. Please go ahead.

Ashish Soni: So initial remarks, you said some customer because of PLI scheme is asking for more orders and that fundraising has been done. So is it like one-off or is going to be sustainable going forward from next year onwards sort of thing? Can you give some color on that?

Management: So it's not one-off. In fact, we are signing an MOU which is good enough for at least 3 years. So this is going to be an ongoing opportunity where we are trying to make sure in the MOU that the order cycle continues not just for 3 years, but then the engagement probably can even go further. And this is not just one-off customer, this is a particular segment where there are a handful of companies.

We met them at a conference. And at an energy conference, and then we realized that all of them had the same pain area of importing the displays from China, and they would like to have a local supplier for that. So that's why we took up this opportunity, and we are setting up the line now.

Ashish Soni: So how much flip to your revenues it can give going forward for next 2-3 years?

Management: Again, I won't be able to give you exact numbers until the MOU is signed. I am not at liberty to give numbers, but then I can say that we will be topping up our projections pretty much. I know this is quite a decent size of opportunity, and I can just give you -- we can easily do a 2x -- in the neighborhood of 2x or 3x, with this new opportunity.

Ashish Soni: Okay. And receivables, you said that UAE and Australian customer, you have received only 50% from the old receivables. So what is happening with the other 50%? Why is that getting delayed?

Management: So, no, it isn't. I wouldn't term it as delay. These are the terms that we agreed on. These were slightly long-term receivables because that's how we agreed. We had pretty decent margin on those, especially in the case of UAE, there was a slight mechanical issue which we also resolved, so the customer requested us for a longer payment cycle.

But that payment has already come. The other payments are getting due, and then we are also receiving those payments in tranches. In fact, within this month of October, the same week, this week itself, we received another tranche from Australia. So there is no delay. As the payments are promised, they are coming in.

Ashish Soni: So is it like a much higher credit period we have given to this customer? So like, I'm trying to understand what is delaying overall process, because what's the contractually you have agreed, and will it improve going forward for the next set of customers or next set of orders?

Management: I will just answer the second question first. Yes, it will improve because now we are already working on LC terms with them, and we will not be offering long credits to most of the customers, or in fact any of the export customers. These two or three customers -- two customers and two or three orders with both of them, we gave them long credits because this was a design win and we wanted to cement our place. So we did not want to give an impression to the customer that we just want to sell once and then exit.

We wanted to create a comfort level. We wanted to sell them the product, let them use it, let them get comfortable, let them get it qualified, certified, so that the repeat orders can come. So the idea was not just to sell and then recover cash, but then to cement our place with these customers, which we have successfully done. So now going forward, when our products are qualified and they have been approved, we can actually command our terms for better payments now on.

Ashish Soni: Okay. And I think earlier questions you alluded that more orders can come from Oceania as well as from Australia. So who is our competition in this space and how confident are you based on whatever you said to the previous questions, participants' questions?

Management: The obvious answer is that the competition is from Chinese players because they do have their presence also. However, we have made great progress because we have a partner in Sydney who is promoting our displays. Just last week, we had some representatives visiting from them to our facility to see our glass cutting line.

And why we are confident to sell is because we have already had three design wins where they were buying from Taiwan and China, but we not only managed to give them lower price but also managed to give them a superior product. So that really puts us in a very strong position. We are very confident that we can really replace these Chinese and Taiwanese companies and offer better products at right price.

Ashish Soni: But is it only Oceania, or you think this opportunity can come with other places like Africa or somewhere? I'm just thinking out loud here.

Management: Africa is good for the medical field, so we are already exploring that, but I may not be able to give you a lot of details because we have just begun exploring Africa for medical products. However, just last month we participated in the US Rail event in Chicago, and we received an overwhelming response because of our MOU with Axiom Manufacturing in Texas.

We have received a lot of inquiries where they would like us to supply displays through Axiom in US. So that's one other geography where we are exploring. In Oceania at the moment, yes, Australia is the target for us because most rail-related development is in Australia. Other countries in Oceania do not have that much of rail presence, so we are at the moment just focused in Australia.

Ashish Soni: The PLI thing you said that it can increase, but do you see any export opportunity there, or it's only for Indian customers? You -- or in India, you want to do that? I mean that PLI scheme, one which can increase your opportunity size by 2x, 3x, which you spoke about?

Management: It's actually a mix because all I can say is there are two main big customers who hold a huge market share. One customer that holds more than 25% market share is a domestic demand customer.

Again, there is another player who is even bigger than them, but then they are largely export customers. So the PLI is applicable to both of them, but then we are targeting customers not

based on their end use, but then as the opportunity presents itself, we want to be ready with our capacity.

Ashish Soni: Okay, sir. Thanks and all the best for the future.

Management: Thank you.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Venkatesh, an individual investor. Please go ahead.

Venkatesh: Hello. Good afternoon, everybody.

Management: Good afternoon.

Venkatesh: Sir, I would like to know what is the current order book size and also what is the capex planned for our new facility.

Management: So the capex planning for the Goa Fast Track, which is happening pretty quickly, is about INR12 crores, where the capex is INR9 crores and about INR3 crores is for the working capital. So that's for the Goa Fast Track. And as far as the order book is concerned, we have a visibility of about INR30 crores to be executed in next 12 months' time frame.

Venkatesh: Okay, sir. And what is the progress that we have achieved with the new facility as the construction started?

Management: The new facility, we have received the government approval, but as you know the weather cycles in Goa are pretty heavy. Rains have just stopped. So now, we have excavation beginning next week onwards, and we have already got necessary approvals. The layout plan, everything has been approved. So now, we will fast-track this development of the new facility there.

Venkatesh: So when can we expect the commissioning of the facility, sir?

Management: It should take anything between 9 and 12 months, but again, I don't want to just be very specific because as you know, these things can really take some time. Towards the end, a month or two here or there, with certain approvals, may take longer. We are targeting it to be live in 9 months to 12 months, but I just want to make sure that you don't take these numbers as hard numbers.

Venkatesh: Thank you, sir. Sir, one more question regarding where are we in defense and aerospace both within Indian market and export market?

Management: We did a decent size of export last year in avionics segment, and we did have a design win. So that's one key area where we are expecting repeat orders in this H2. As far as Indian defense, we are already working in avionics with a couple of public sector companies.

I may not be able to give you the names because there is an NDA clause at the moment. Those orders are new designs and we are already working on them. Some supplies were made in this

H1 to defense segment, but historically speaking, most of the defense orders come in this H2, and I am projecting we will have decent numbers in these coming months before March.

Venkatesh: Sir, we have seen through your presentation that our industrial automation or that kind of orders or the contribution of revenues from them has been falling. What do -- how do you see going ahead over the next 2 financial years, sir?

Management: Yes. So as Mr. Siddarth asked earlier, we will be publishing the segment-wise data and you will see the industrial automation segment has developed pretty well in H1. The numbers have been very encouraging. So the numbers fluctuate because many orders are very cyclical, so they happen over a period of time, and some projects have longer gestation period.

So sometimes it takes a little longer than expected for the orders to come. But all the five segments for us are key important segments, and we give importance to all of them. And industrial automation is one of the key areas where we have had decent contribution.

Venkatesh: Okay, sir. Sir, one more question regarding the metro. You have said Delhi Metro and subsequently Chennai Metro we are working. And what about other metros? There are plenty of new cities opening up and existing ones are running. Are we present there? Do we have a presence in other new metros as well?

Management: Sir, we have completed a pilot project with Jaipur Metro. We are already engaged with new development in Lucknow, Kochi. We have supplied displays for Pune, Kolkata. We have supplied displays to Dubai Metro, that is an export order. We are already engaged with the Patna Metro bidding which is happening for the Phase 2.

So there is a very clear-cut visibility. 30 cities in India are building metros and we have all 30 of them on our horizon.

Venkatesh: Oh, very good, sir. We will be able to get repeat orders, sir, or how does that work? Or they will go for fresh procurement every day, every time they want?

Management: No. Every order is a confidence-building exercise, and then there is obviously a greater possibility of getting repeat orders. So, once we supply -- why we are getting orders from Delhi Metro is because during COVID, we already supplied displays to them, and those displays are working pretty well. More than 1,000 units are already in the field.

So once the new orders come in, when we pitch in our product, we are approaching the metro authority with an approved product which has a track record. So that itself is a confidence-building method where they approach us with that confidence of buying the displays again.

Venkatesh: Okay, sir. Sir, one question regarding the cash collection, especially within the Indian market, what is the time between delivery and cash realization, sir?

Management: Since we are an MSME, 45 days is standard. We try to make sure that our payments are received within 45 days at the latest. Wherever there is also an LC from some customers, we get the LC

discounted, so it helps us in the cash flow. But Yes, 45 days is something that we have made sure that the payment cycle should be completed.

Venkatesh: Okay, sir. Sir, one question regarding the government incentive for our new facility. I have read in presentation somewhere that we are getting some incentives from the government for our new electronic-related facility at Goa.

Management: Yes. So that's pretty much being worked out. So we are aware. And then, as you may be aware, ISM 2.0 has also been announced. So we are keeping an eye on all these things. We have in fact made some applications with the central government for certain subsidies and incentives.

So as the factory work progresses and capital expenditure approaches is when we will be ready and become eligible to apply for this. At the moment, the file has been already put up, but we can only claim those or make progress on those when the facility is up and running.

Venkatesh: Okay, sir. Thanks. So thank you for your good set of numbers, sir.

Management: Thank you.

Management: Thank you, Venkatesh ji.

Moderator: Thank you. The next question is from the line of Rajat, an individual investor. Please go ahead.

Rajat: Hi. Am I audible?

Management: Yes. Go ahead.

Moderator: Yes, sir.

Rajat: Thanks. Hi, Gaurav, and Mayur. Congrats on a great quarter.

Management: Thank you. You are getting most of it.

Rajat: I think most of my questions are answered. Maybe just one housekeeping one for you, Mayur, on the cash flows. Just wanted to check what is the INR10.53 crores in other current assets and INR2.3 crores in advances, because those were some of the big users of cash this year.

Management: Yes. I'll tell you, there is an increase in the other current assets just because of the -- we have paid advances to suppliers, a huge amount has been paid in advance to suppliers, and some IGST receivables are still pending. That's why it's showing under other current assets, which will be resolved in the next quarter.

Rajat: Got it. Okay. So we should collect that in H2?

Management: Correct, sir.

Rajat: Okay. Great. Second, just quickly on the Goa-owned facility, Gaurav, congrats on the fundraise and the new plan for the lease facility. Just to confirm, for the own facility, are we fully funded or will we need to raise some debt or equity in the future for that?

Management: So some proceeds were received during the IPO, so those are being deployed as per the original objective of the company for the owned Goa factory. Plus, there will be a need for a fundraise, but then we are still working out the details because now since we have a strong demand, we might just want to put up an additional line, that is also being worked out. So currently, yes, we are working on those numbers, and I think I can give you more visibility in due course.

Rajat: Okay. Great. Thank you. And this last one, Gaurav, is just on your overall strategy and vision for the company. If you could just take a minute or so just like looking 2 years or 3 years ahead, you guys have had a really good IPO, you've just raised funds recently. How do you see the next 2 years or 3 years for Highness? Is it -- are you guys going to stay a display specialist or are you looking at expanding into other areas of electronics as well?

Management: So, okay, so we are not looking at expanding in other areas of electronics. We do not -- just for example's sake, we know we never want to make motherboards, we never want to make computer PCs, etcetera, or anything of that sort. We want to stay focused as far as our display industry focus is. We want to stay intact with that.

Speaking of the current scenario in India, I think this is the best time to have display assembly or manufacturing in India, because the electronic manufacturing, semiconductor manufacturing story in India is just beginning to unfold. And the way the government is promoting this segment, the way the demand is, the way the world is looking at us as the new factory for innovation, new factory for design, new factory for mass-scale manufacturing.

I mean, this is really the best time to be here, and next 2 years to 3 years are going to be extremely exciting. We have made a good start. Now, we want to make sure that the growth story is well in line with what the projections we have in our mind. So Yes, I think it is pretty much sure that we are going to be with the display industry.

New opportunities just like the one we received right now, and we are setting up Goa Fast Track, these will keep coming. And then we are pretty much prepared to encash these opportunities as they present themselves.

Rajat: Amazing. Just on the last bit, Gaurav, saying that you're going to stick to displays, do you think our current margins are maintainable going forward? They're pretty high for an electronics manufacturer. Like, do we feel confident about keeping this kind of margin going forward?

Management: Very confident. Reason being, we are not just a trading company where the margins will waver. We design the product. So we have design controls, we are approaching a time where we are able to offer an end-to-end solution. So these are…

Moderator: Sir, your voice was breaking.

Management: Sorry, audible now?

Moderator: Yes.

Rajat: Yes.

Management: So I was saying that we are in a time now where Highness is offering end-to-end solution, and which means we not only have control over the supply chain, but we also have control over the quality. And all these things put together and the design controls that we have, because we're not buying a ready-made product off the shelf from somewhere, we are designing it from scratch.

We have in-house facility, in-house capabilities, in-house team to take care of every single bit of the product. So yes, pretty confident the margins are sustainable going forward. Different segments have different margins. I can say that one segment may have 2% or 3% less margin, but the other segment has 4%-5% more. So all in all, put together, average out, we will maintain the margins going forward.

Rajat: Great. Thank you. Congratulations and all the best.

Management: Thank you very much.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Janhavi Patil for closing comments.

Janhavi Patil: Thank you, everyone, for joining the call today. On behalf of Highness Microelectronics Limited, we appreciate your time and participation. For any further queries, please reach out to us at letsconnect@orim.in. Thank you.

Management: Thank you.

Management: Thank you, everyone. Happy Diwali.

Moderator: Thank you very much. On behalf of Orim Connect, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.