

‘Lenovo will double output of Make-in-India devices in two years’



It is the largest personal computer (PC) player in the world and holds the second spot in India in terms of market share. Its smartphones under the Motorola brand name are already among the top 7 in terms of sales in the country and are also exported to North America. **Shailendra Katyal**, Lenovo India vice-president and managing director, shares the company's India strategy in an interview in Bengaluru with **Surajeet Das Gupta**. Edited excerpts:

The Indian government, through the production-linked incentive (PLI) scheme, wants global companies to make the country a global production hub. How do you fit into this plan?

■ We have consciously built our global manufacturing footprint, which includes over 30 factories. We source globally, we innovate globally — but where to assemble and ship from is a commercial decision based on the most efficient way to distribute in the market.

There are two criteria for that: how big the domestic market is in that country, and whether it's viable to use it as an export hub. India is relatively small. But it is in line with our revenue contribution — \$3.4 billion in India in 2024-25 (FY25), a 67 per cent year-on-year growth out of a total global revenue of \$69.1 billion. We are currently using India as an export hub

only for phones, while servers and PCs are being evaluated.

Most PCs in the country were imported. How has your equation changed after you tied up with PLI-eligible companies like Dixon Technologies (India) for assembling PCs in India?

■ In PCs, I am still not meeting all my local demands. We were making only at our plant in Pondicherry — we catered to 35 per cent of our local demand last quarter. But with Dixon ramping up for us, we're now trying to get to about 45 per cent of local production this quarter, ending in June, between Pondicherry and Dixon.

But how do you see the volume ramp-up in PCs by the end of this year?

■ We are increasing our footprint, but

other markets also compete — like Indonesia or Vietnam. India is surely growing in importance. We used to make 400,000 PCs annually in Pondicherry at our own plant — we're pushing for a million this year, which is a two and a half times increase. We assembled 6.4 million Made-in-India devices across segments in 2023-24. We doubled it in FY25 — most of it being phones, which we export to North America. We'll double this number again in two years.

What is the potential of the server business with so many data centres being opened up?

■ Servers are a very new area for us. We enabled our Pondicherry plant just a few weeks ago, when we rolled out the first server from there — especially with the growing importance of India as a captive market. We've set up a state-of-the-art server design laboratory — so we want to provide

end-to-end design-to-delivery offerings. But the Indian market for servers is still relatively small. We use 20 per cent of global data but have only 3 per cent of data centre capacity. The total market in India will be around \$1.5 billion, and with artificial intelligence, maybe \$2 billion.

Do you see the component ecosystem developing in India, and will this help with localisation?

■ The component ecosystem will take a long time to evolve — not only for Lenovo but for the industry as a whole. Now there's a further push

because of the latest electronic components PLI, which is underway. We have to wait for someone to build that capacity. Then, instead of buying from somewhere else, we can buy it from a local source. Motorola phones already use more than 50 per cent locally sourced parts.

What are your plans to boost smartphone sales in the domestic market and exports?

■ Of the 6.4 million devices, around 600,000 would have been PCs — so most of it comes from phones. We should be able to double this capacity, as apart from Dixon, we've now tied up with Newlink to add more capacity. We were not in the top 10 earlier, but we've now broken into the top 7. And 100 per cent of the phones are sourced from India.

How will the uncertainty in tariffs to be imposed on smartphones and electronics by the US impact Lenovo's decisions on what to manufacture and where?

■ If you look at our global CEO's

statement during the recent earnings call, his point was simple — we are used to managing disruptions and have the flexibility to move capacity. With 30 plants worldwide, we have a huge advantage. Actually, the tariff isn't the issue — it's the uncertainty. Because if you plan to ramp up one factory and tomorrow you have to taper it down, or suddenly there's a demand in one market to ramp up, it takes time to respond.

Are you expanding manufacturing in newer markets?

■ We are expanding in Saudi Arabia, where we are building a technology hub — they have invested in our company. We picked up \$2 billion as equity, and we're building a 3-million-unit capacity plant, which will start with PCs but will also make phones. That will now become our supply hub for West Asia and Africa. India is also growing in importance. So is Vietnam. Depending on how the uncertain situation becomes a little more certain, in terms of clear direction, where we supply from is not too much of an issue for us.

