Date: 8th May, 2023

To,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G
Bandra Kurla Complex, Bandra (E),
Mumbai- 400051.

Scrip Symbol: FOCUS
Series: EQ

Sub: Transcript of the Earnings Conference Call for the Quarter 4th and Financial Year ended on 31st March, 2023.

Ref: Intimation of Earning Conference Call dated 24th April, 2023.

In furtherance to our Intimation of Earnings Conference Call dated 24th April, 2023 and pursuant to Regulation 30 read with Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call held in connection with the Audited Financial Results of the Company for the Quarter 4th and Financial Year ended on 31st March, 2023 held on 3rd May, 2023, is enclosed and is also available on the website of the Company and can be accessed on the following link:

https://pluslighttech.com/investor/schedule-of-analysts-fy-2022-2023/

Kindly take on record the same.

Thanking you,

Yours faithfully,

FOR FOCUS LIGHTING AND FIXTURES LIMITED

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"Focus Lighting & Fixtures Limited

Q4 FY '23 Earnings Conference Call"

May 05, 2023

MANAGEMENT: **MR. AMIT SHETH – MANAGING DIRECTOR – FOCUS LIGHTING & FIXTURES LIMITED**
MR. TARUN UDESHI – CHIEF FINANCIAL OFFICER – FOCUS LIGHTING & FIXTURES LIMITED

MODERATOR: **MR. VASTUPAL SHAH – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Focus Lighting and Fixtures Limited Q4 FY '23 Results Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. Over to you, sir.

Vastupal Shah: Thank you and good afternoon everyone. Thank you for joining the conference call of Focus Lighting and Fixtures Limited. I would like to welcome Mr. Amit Sheth, Managing Director of the company and Mr. Tarun Udeshi, Chief Financial Officer of the company. Tarun ji, Amitji, over to you, sir.

Amit Sheth: Very good afternoon to all of you and thanks for joining this call. First of all, good afternoon to everybody and we are happy to announce our results for the year end or 2023 and the results were extremely good for us and it was very, very encouraging. Our last quarter turnovers, Tarun, what was the last quarter turnover?

Tarun Udeshi: INR40.89 crores.

Amit Sheth: Last turnover quarter was INR40.89 crores and what was the net profit?

Tarun Udeshi: INR5.42 crores.

Amit Sheth: INR5.42 crores was the net profit as compared to last year, which was INR2.86 crores, for the same quarter ending. So overall there is a total percentage of 57% growth and in terms of absolute value, it is 90% growth. Compared to year-on-year, our last year net profit was INR4.10 crores, total profit was INR4.10 crores, this year our total profit has come to INR23.6 crores. So there is a total percentage jump of 476%. So, these are the results for this year. We can start with question answer quickly, so that we can move further.

Moderator: Our first question is from the line of Rahul Dani from Monarch Network. Please go ahead.

Rahul Dani: Just couple of questions from my end. If you could give the revenue split between railway retails and what is the outlook on the railway business, now what is the number of products we have been approved for?

Amit Sheth: The details will be given by Tarun, I will just give you the outlook and the forecast, what we have and what we are looking for. So you want to know particularly about railway, right?

Rahul Dani: Right.

Amit Sheth: During the last week also I informed, we have roughly 16 products, which have been approved by railway and this month till date we were under development vendor, now we will become from next month approved vendor. So, till last year, we were only eligible for 20% from next month, once the process is done, maybe there might be a month delay in the process, but once the process is done, we will be approved for 80% of the orders.

Till railway is concerned, what we are trying to do is, railway as I told last time also, there is an aspiration that, they want to take it to an international level, where they want to showcase the world that we are no less than European countries and this is what is happening with railway. So what we have done is, we have taken an initiative to do first time product designing also, from Germany.

Till now, the lighting was not at par, in terms of as per the international standards. So first time, we are taking an initiative, we are giving them certain technologies, which the industry is not providing till date and we have started designing our first product for railway for Vande Bharat and that will be very-very similar to international lines. What is given for bullet trains internationally, same lights will be provided. But this is on a design stage, once the railway approves it then we will be go in further. So this is over and above what we are doing for railways.

We are also designing some general lighting products for railway and we are proposing them, Iot for railways because what has happened is, we have done some survey for railway and we were the only company rather to do it. Wherein we realized that, the intensity is very bright during night time, if one passenger enters and if he switches one light also, it disturbs everybody.

So, what we have proposed is, that they should go with IoT, which they have welcomed this proposal from our side and this will help to dim the light, if somebody enters late in the night also, it can dim the lights up to 5% and so it does not disturb, and it also saves on power and energy, that's the whole idea. So that is also one initiative, which we have taken and also we are working on the light pollution for railway, wherein the light is not spreading to the other side, which is currently happening. So it does not disturb other passengers.

So we are going little technical with railway. It's a lengthy process but this is not -- this is over and above, the approved product, what we are -- it's an initiative from Focus. The idea is that, we want to showcase them that, okay, what we can offer today in the industry in terms of technicality, in terms of quality, others cannot give, that's the whole idea.

Rahul Dani: So sir, what could be the revenue potential like the addressable market size of any kind of data, which you would like to provide?

Amit Sheth: See there are two areas for railway, one is the existing product and one is an initiative which we are taking it by ourselves. So we are keeping the initiatives what we are taking it from our side. But for this year, we are expecting our revenue somewhere around INR15 crores to INR20 crores from railway which will happen.

Rahul Dani: And sir, how has been the export markets? We recently had got some good order from the export market. So if you could just throw some color on the export markets and what is the potential?

And similarly in the retail space, if you could just give us some ideas to any new projects, we have undertaken or any new -- just come some kind of order book for the retail business?

Amit Sheth: So I've been telling this in past, we don't have order books, ours is month to month or two months orders, in advance. So we have the PO for two months and then there are renewals. How the system work with us is, till retail is concerned, I'm talking about? The system is very clear, once we are approved, we are assured that, we are getting business for coming one years or two years. But neither they know neither we know, how many sites, they are going to execute it and how many sites we are going to get or how many orders we are going to get? Number one.

Number two. Till export is concerned, Middle East is booming for us and we are investing very heavily in Middle East. We are all hearing about Saudi and we have taken a conscious call that, we will go to Saudi, we'll open an office and we'll have our own office, based in Saudi because the highest revenue of, is coming from Saudi, till retail is concerned.

The overall Middle East is concerned, Middle East is still a very, very lucrative business and we might go ahead and open an experience center, the way we are open experience centers in India and the idea is to showcase the technology what we can give, to those companies. Till absolute values are concerned, Tarun, if you can just come in and give the absolute values of exports please?

Tarun Udeshi: Yes, in Dubai, we have done the 11% of turnover comes from Dubai, which is INR19 crores, from the total turnover of INR168 crores, in this financial year.

Rahul Dani: The railway business would be how much?

Tarun Udeshi: Railway business as of -- in this financial year, we have done INR1.18 crores.

Rahul Dani: INR1.18 crores. Okay sir. Thank you so much and all the best.

Tarun Udeshi: Thank you so much sir.

Moderator: Thank you, our next question is from the line of Shubam Doultani from Hexigon Assets. Please go ahead.

Shubam Doultani: Yes, so I was just going to ask this, about the trading income. So why is this so volatile and can I get a like a churn rate of how you will do in the upcoming quarters?

Amit Sheth: Actually this point was discussed in last quarter also. And as I told, in last quarter, I am repeating again. We name it as trading, but Tarun can explain it better. It's not 100% we manufacture, number one. We brand it also. There are small OEMs, who manufacture things for us, okay. There are no companies in the world who manufacture 100% in-house and that is something, what we take in our trading account Tarun correct me, if I am wrong.

Tarun Udeshi: Yes.

Amit Sheth: But everything is sold under our brand and everything is been -- this investment is from our side. The products are, whether it is die, tools or the designs they are under our control. So yes, that is, what we take, we name it, in trading account. If you look at companies like Havells or Phillips, then it is 100% trading for them because they outsource their manufacturing. So this is what we do.

There is a second part of trading what we do is, we are entering into a lot of new verticals. So, when I say new verticals, mainly we have entered into 3D projection mapping, which was one of the last order -- large order, which we have taken in Surat which we are yet to execute it, which will be executed next month. 3D projection mapping is something, wherein, it is more of a design base. It is design, it is content development and execution skills. So there are companies, who manufacture projectors, we don't manufacture projectors, that will come under trading, that is pure trading firm. What trading figures you are seeing in the balance sheet is not trading, it is manufactured for us and we sell it, but we put it in trading.

There is another area of trading, which is coming, wherein we are buying from some international company for outdoor applications. We were an indoor company till last year, we have just started investing in outdoor. I have been in Europe for last one month, exploring what are the technologies available and how we can get edge over others? So, typically as a company, when we started retail also, we were associated with one of the largest companies in the world. We learned from that company and then we started manufacturing it.

This is the same thing what we were doing in outdoor. We were learning from last one and a half years, two years, how outdoor, what are the strengths, weaknesses. What are the difficulties, what are the limitations brands have, and then we wanted to get into manufacturing. So another two years, we'll be investing very heavily in outdoor products and we'll be investing by ourselves, in those technology and we want to add value.

So the reason we were trading is, one of the large orders what we did was Kundalpur, Jain Temple. So that was 100% pure trading, buying from a manufacturer, buying from a brand and selling it here. But in that process we understood the limitations. In that process, we understood what are the problems client face and the whole idea was that, how we can come out with a technology where we can eradicate all this problem. So now we are going into the manufacturing process. We are going to the design process from our update to the electronics, to every small thing and then we will manufacture it.

Shubam Doultani: And just one more thing, you said INR15 crores, INR20 crores revenue from railway. So for how many years or for next year, you were saying?

Amit Sheth: Sorry, come again. I didn't get your question.

Shubam Doultani: You just mentioned. INR15 crores to INR20 crores revenue from railway right for upcoming year?

Amit Sheth: For this year.

Shubam Doultani: For this year, FY '24?

Amit Sheth: This is our first year, as an approved vendor, So, overall railway as a vertical, we see a potential that we will cross in another two years, somewhere around INR70 crores to INR80 crores, yes, but being the first year we are not keeping very high targets for ourselves.

Moderator: Our next question is from the line of Devesh Shrimali from DS Investment. Please go ahead.

Devesh Shrimali: Congratulations for good numbers. I just wanted a broad idea about -- we did about INR105 crores last year, where I presumably retail was quite heavy. This year, we have almost INR170 crores and next year, we are sort of saying that, we have Bade Baba temple, Surat project, railway, which put together roughly INR50 crores additional to the retail growth that we expect. So number one, is that reading right that INR170 crores take INR50 crores these orders and the retail would do around the 20%, 30% is that a right way to look? I'm not asking numbers but directionally is that a right way to seek assortment?

Amit Sheth: Let me make it very easy and clear for all of us. I have been telling this last year also. There are two things. So when you were internally discussing, I like to be honest and that's the best part of it, right. So somebody from the meeting told me that let's not discuss the last quarter numbers, because last quarter was very good. I said, what's wrong, if you are comparing it and we have been very, very clear that, if you compare we as a company, please don't compare us quarter to quarter. If you compare it quarter to quarter then there will always be certain dejection. There will be certain -- you feel that, oh why this quarter is bad and last quarter was good or the previous quarter was good, something like that.

We are into project business. So a lot of companies, a lot of investors they ask us, what are your projections. We don't have projections. We are working on certain large projects. We know that, it might come, it might not come, okay. So if that comes that quarter becomes very good, number one.

In terms of projection also, it is very difficult for us to forecast today that there was a question from your side that, retail will grow by INR30 crores or INR50 crores or whatever, overall growth will be INR50 crores. What we see is that, there will be an exponential growth, which vertical will give, where the opportunity comes, we don't know today.

All I can say is that there was a time, two years back, where our project value was not more than INR1 crores or INR2 crores. Our project value, last year was INR15 crores. Now we are working on a single large project between INR30 crores to INR100 crores, these are the type of large projects, we are working on. So a single large project comes that completely changes the turnover of the company. We are working on it and these are some government projects, these are some private projects.

We don't know today when this project will materialize, whether it will materialize this year. So I have been telling all the investors that you have to look we as a company not even year-to-year, you have to look at the three years to five years projection. If you ask me that, where we will be after five years? We know that. Because we know that, what are the types of projects, we are doing, what are the types of investments, we are doing on technology, what are the types of product we are bringing in? What are the gaps, we are filling in, that we know. But if you're looking for a short term, we are not a right company and this is an exact statement, I had given even last quarter also.

So my humble request is that, yes, every investor is looking that, year-on-year what will be the growth but as a company, what we are looking is three years planning and five years planning, certainly not year to year planning.

Devesh Shrimali: The second part would be more cash flow, what would be your view, going forward. Just broadly qualitative comment in terms of, how do you see cash flow spanning out in this year, next year?

Amit Sheth: See till date, we have been a debt free company okay. We are currently a debt free company and with turnovers, there will be a cash flow issues. There will be pressure on cash because these are large projects, what we are working on, okay. These are really, really large projects we are working on and we might face some problems. Till railway is concerned, we will not face problems because railway whatever purchase orders are there, our banks are ready to discount it by 98% or 90%. I don't know the exact figure, but somewhere it is like that.

Till other government projects are concerned, where we are working right now, if one of those projects come in we will have some problem but we will, when it's like, when you reach there, we will see how we manage it. It's not that we are going to lose orders on that because of that. But in our day-to-day activity today we don't have any cash flow problems.

The only problem with what we see is if there are extremely large like, let's say, a single order of INR100 crores comes, any company will like. We are INR170 crores, let's say, INR200 crores company, okay. If you get a single order of INR100 crores, you will have some problems, right. It's not going to be easy but the question is whether we can manage it, the answer is, yes.

We will be able to manage it. We are also working behind the scenes, on how we are going to arrange this type of money. We are talking to a lot of investors, we are we are talking to banks, that how we can discount it or how we can do it on LC, where we can manage it. Till overall our industry is concerned, our payment cycle is somewhere around 70 days. Tarun, it is 60 days or 70 days?

Tarun Udeshi: It's 68 days.

Amit Sheth: 68 days of payment cycle which is very good okay. We are trying to improve it. Our target is that we can improve it to somewhere around 60 days this year. We want to bring it to somewhere around 45 days and this is, where we don't have cash flow problems. But for large orders, yes, we might face it. We might have some liquidity crunch and we will work out with our banks, we'll work out with our investors.

Devesh Shrimali: Correct. Thanks for the response and wish you good luck for next year.

Amit Sheth: Thank you.

Moderator: Thank you. Our next question is from the line of Sameer Parekh from Reshma shares and stocks limited. Please go ahead.

Sameer Parekh: So firstly, congratulations on fantastic performance. I have a few questions. Should I go one after the other or should I just, lay them all out first and then.

Amit Sheth: I'll suggest one after another, I have a short-term memory.

Sameer Parekh: Okay. Sure no problem perfect. So just a first question on our performance, we have seen a profit growth of almost over almost 90% and revenue growth has been about 15%. Now this revenue growth compared to you the December quarter, has been lower again. I have heard from some of your previous answers that, you can't predict some of this thing but can you throw some light over there, on how this revenue growth run rate can be maintained or?

Amit Sheth: There is no maintenance and I have already answered this question and I'm repeatedly telling that, we are into project business. We will see as an investor, I again suggest and I again request, don't look at us. If you're really looking at that this company, has to grow quarter to quarter, then I can stay invested then, we are not the right company. If I have to be very honest and blessed.

We are into project business, when and there are a project to materialize, we don't know, when a builder will get a NOC, we don't know, whether when the government will get a permission to execute the project. We have no idea on that. There are certain dates given to us. Based on those assumptions, if I give it to you and if it does not happen, then in the next quarter, you will say hey, what's going on.

You gave us this commitment, so we are not giving you those commitments. We are here, we are looking for growth, we have growth, we have potential and we have exponential potential. But this growth, if we are looking at for three years to five years bandwidth, yes, then we are talking on it but it is not possible that. I can talk every quarter like, what was last quarter and why this quarter, why this quarter so much of jump. This type of things are going to happen with us.

Sameer Parekh: Okay. My second question is on our closing stock. So, we had our closing stock number was about INR38.5 crores compared to INR23.5 crores previously. So that's a significant rise in the closing stock number. So this would mean probably, there is some sale that has either not been booked or is postponed into the next quarter. Can you throw some light on that?

Amit Sheth: You can appreciate the turnovers have almost doubled and as compared to the stock, it has not doubled. There are certain, there are closing or even the stocks are, a lot of fluctuating stocks, we have. So there are certain times, as I told you, just a minute back, at times customer says that, okay this site is ready and you need to deliver it and after that, they have certain problems with the state or with the government, certain approvals they have not gotten, sometimes those stock lie with us. But as compared to the turnovers, our stocks have overall come down Tarun if you can, we were just discussing day before yesterday Tarun if you can just highlight this.

Tarun Udeshi: Yes compared to the turnover, if you see the inventory level, has come down in terms of percentage. So as Sir rightly said, some stock inventory is lying because of some approvals and all but this definitely, it is a moving stock, it is not that the stock will lie there, it will lie down for two months. And all if you see the ratio also, the inventory is telling ratio also, we have been moving the stock around four times. So this stock also will move. It's not a problem at all. Inventory movement ratio is 4.38% for this financial year.

Amit Sheth: So there is a concern and the concern comes only, when the stock is not moving for more than 365 days. That is where the concern comes but currently we don't have concern. We are moving the stock four times in a year. Our percentage of overall percentage compared to the turnover has gone down. And we have, as I discussed in last quarter also, we are really working hard on on systems, wherein it's a vertical storage system we are investing very heavily.

So complete electronics now has gone into those vertical storage systems. We are also now heavy items. We are putting it in vertical storage system. We have currently reduced our stock from the floor to this vertical storage system by 25%. We are doing and everything is integrated with SAP. The process, overall process will still take another two months to three months for us, to learn and to adjust to it. But if this system works out, then we'll be investing and we will ensure that, 100% of the material comes in that.

Sameer Parekh: Okay thank you. My next question is, we have received permission I believe to invest about INR100 crores in four subsidiaries. So just wanted to understand, what the status is of that and is this investment going to be only us or are there any other strategic investors or anybody involved, in these subsidiaries. And what kind of revenue potential if any, we have idea from, what these subsidies are going to be doing?

Amit Sheth: Four subsidiaries. Tarun, what are the four subsidiaries.

Tarun Udeshi: We have this Dubai, Singapore, there are two subsidiaries, wholly owned subsidiaries.

Amit Sheth: Those are wholly owned subsidiaries.

Sameer Parekh: And so our investment for some reason I don't know, I could have made a mistake but we were proposing to invest INR100 crores in these subsidiaries?

Amit Sheth: So okay. So we have, this was also discussed in last quarter. We are repeating these questions again and again, but anyway I'll answer this. See, we have one more vertical called, Xandos, where Focus is a 51% stakeholder and we are working on lot of government projects. So there are three investors from outside, who own 16%, 16%, 16% roughly and we own 51% and the deal is very clear. They have good, they are doing some business in government and we have technology, we have products and they have connections, where they can give us a platform to showcase, what we can do and how we can add value. So that is where we have taken this limit, so that if at all there is a large project that comes in, we don't delay it.

Sameer Parekh: Okay. My next question and you have already answered this previously but I'll just try to, our performance has been great, so far and previously we had, from our turnover and as you said that, we cannot measure our performance quarter on quarter etcetera because that is visible in our quarterly turnovers etcetera too. But at what point is there can be issue year-on-year guidance is, if not quarter-on-quarter because that will generally help the entire investor community to get a better idea.

Amit Sheth: I appreciate this question and okay. There are why I have been requesting investors to look for a broader picture of three years or five years, the reason is that today, so somebody asked that, what is the trading figures and some large projects have been executed by trading and I answered that, this was a learning curve for us. Now we are investing on it.

Typically, please understand one thing any company, who starts a process from zero from design, development through the execution, the process is of somewhere one year, one and a half year. Once you have your own manufacturing, the growth is exponential. Right now, whatever we are doing till outdoor is concerned, outdoor lighting, we are trading. We have been associated with two big companies or other top companies from Europe and we are working with them hand in glove, for the large projects, we are executing here in India.

Now those things will be manufactured after two years. So for me, to predict it year-on-year, there will be a growth year-on-year and in terms of what percentage, I really don't know. But the real growth, we will see after three years. When we have our own products in hand. So that's why, I'm been telling that, look at the bandwidth of three year to five years' time.

Sameer Parekh: Okay. And this is quickly my last question. So I know definitely, you won't be able to comment a whole lot but I'll just throw it out there. just fantastic performance…

Amit Sheth: I think there are a lot of other investors also, who want to ask questions. Vastupal ji, if you can limit the questions from every investor then, it will be easier you know because there were a lot of complaints sorry, with do regards to everybody. There were a lot of complaints that you know, we didn't get the opportunity to ask questions. I have no problem, you can continue but we have a limited time band.

Sameer Parekh: Sure. I will just last quickly. We've moved to a market cap of almost over INR1,000 crores and now we are at about somewhere around INR800 crores and our price has moved or so, any comments on why, even after fantastic results, we see some erratic stock price movement.

Amit Sheth: Ideally I don't have control and I'm sure, you will appreciate that, as a company and as an individual, me as an individual, I don't have control, what the investors do. So from me to answer this, even after giving us fantastic results, why investors know, what happens in the market is not in our control, so how do we answer this.

Sameer Parekh: Fine, no problem. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants in the conference, please limit your questions to one or two per participant. Should you have a follow-up question, we would request you to rejoin the queue, thank you. Our next question is from the line of Navin from Bellwether capital. Please go ahead.

Navin: Sir this is pertaining to your balance sheet. There is a significant jumping your other financial asset. It has gone from INR94,00,000 to INR11 crores odd. So wanted to understand, why it is so?

Amit Sheth: Tarun can answer on that.

Tarun Udeshi: Other financial assets, you are saying?

Navin: Yes, under non-current assets other financial assets jumped from INR94,00,000 to INR11.41 crores, and meanwhile can I ask one more question sir. This is regarding your segment results, when I look at your manufacturing segments, there is a lot of volatility in the margin, is it because of the different verticals or the product mix change or can you explain the things?

Amit Sheth: It is certainly because of different verticals have different margins and you will see those type of volatility but as a company, what we are seeing is, how overall we can maintain EBITDA and PAT. And also in project business there are certain business, it happens on tendering and there are certain processes variant, where you know that, you are not L1 and then they offer you, that this is the price if you want to match it, you can still get the order.

So those are certain decisions we take it, whether we want to do this business or not and what are the advantages, we are having. For example, when we were doing one of the very prestigious project Delhi airport, one of the orders for outdoor because we were not an outdoor company and we got an opportunity of doing it, but the margins were not really great and we decided, we do it because that will give an exposure. That Focus has done outdoor for DL and because of that, we get a lot of other projects from L&T. Because L&T is a buyer and they get confidence. This guy can execute it, so that are sometimes we take those type of strategic decisions.

Navin: Understand. Last question is this revenue of INR169 crores can you give a broad breakup between, what are the top verticals revenue contribution from them, say retail. You have already given railways but others.

Amit Sheth: See, I don't have the exact figures Tarun can give that, but since, he is just looking into your first question. Retail is still 50% to 60%, what I understand. Outdoor infra is somewhere around 15%, export is somewhere around 10% to 15% right now, we have. What is left out is retail. Then we have home lighting, home lighting is somewhere around 15% to 20%. So this is the overall breakup, what we have.

Moderator: So the line for the participant has dropped, we'll move to the next question. Our next question is from the line of Ketan Karani from Ketan Karani Search. Please go ahead.

Ketan Karani: Good afternoon to all of you and really, congratulations on really superb results I don't know, what market understands, from analyst point of view, manufacturing companies have to be always valued at quarter on Y-o-Y and not on quarter-on-quarter. Just moving from that, I just want to understand that, you have been focusing on next three years to five years and Amit bhai has been very clear. Don't value us on quarter on quarter or Y-o-Y also. So Y-o-Y is also out. so now the question remains that, what are we looking at from next three years to five years perspective.

Amit Sheth: Thank you. Correct. Somebody is asking this question.

Ketan Karani: So I want to understand next three years, this is 2026, 2027, 2028, is something which you would have analyzed, crystallized some data. So I just want to know, what kind of revenues, so it's like, are we looking at INR600 crores in ’26, turnover or INR700 crores in 2027 or something like that, which you may have an internal figure, if you can just share. I don't want to know the profits but only the revenue model. What you have designed.?

Amit Sheth: I will share. I'm allowed to share legally right. Whatever I'm allowed to share legally I have no problem in sharing, Ketan bhai and thank you very much for asking this question. So Ketan bhai, last 15 years, we've been doing retail. 2016, when the profits were dipping down, we decided that, we need to look into something outside. So that's where, we went for retail what technologies, we can get and then, we got an idea that, we can do home lighting.

So we started investing on home lighting and after that COVID, 2019, we introduced, 21 22 was COVID, we could not do and then, for us home lighting or rather that vertical, we call it as BNB, it became a very interesting vertical, where our profit margins, were the GP was somewhere around 60. And we realized that, it has got a potential that, we can from INR20 crores, we can jump to INR100 crores. In coming five years’ time and we need to invest very heavily.

So this year, we’ve been investing because we didn't have a complete portfolio. We just started investing on it, over this process, in between ‘21 and ’22, we been working and we were lucky enough that. We got a good exposure for government projects and good exposure for infrastructure projects. We were one of the largest suppliers. A lot of companies have supplied and a lot of companies claim also. But we are doing Central Vista, Central Secretariat and because of one airport today, first time an Indian company has been specified for Bombay airport also. We are really working on some very large government beautification process.

Now this is currently all trading. The whole idea, what we as Focus have is that, how this trading can be converted into manufacturing, wherein the profitability is higher, number one. And that is the reason I was in Europe for one month for working, going from company to company understanding what technologies we can bring in. What are the types of pay investments required, what are the types of technologies we require, which will help us for this growth. So if you look at the verticals. We have retail we are bringing some technologies in retail, where we will be ensured that these technologies, forget India. But even in Europe these technologies are not available.

I've been into, there's an exhibition of Euro Shop and in Euro Shop we see the best technology, it's like the Mecca for retail industry. That exhibition, you cannot finish it in five days’ time, but we could not see those technologies there and we were very happy that if we can bring these technologies today. We are working on this technology, we are working on sustainability.

Now worldwide sustainability is becoming a very big question. Green technology, sustainability, we are the first company, where we will be using in our product, reused plastics. Heat is the problem I'm not going to very technical, but it is not technically possible that we can use plastics in our product, we are doing it. So, A, we are creating a brand image, B, we are creating volumes, Three, we are creating bottlenecks for other companies to easily get into those technologies. This is a retail side.

Coming to infra and outdoor, this last one year we have just done trading in infra and outdoor. We did some INR30 crores-INR40 crores business in overall outdoor infra, whatever we did. But we realize what are the bottlenecks we have, in this infra and outdoor. Now, we are working with companies. We are working with physicians, mathematicians to develop technology especially for us, which will remove. I'm not going to the bottlenecks, if you guys want to know we can come

Ketan Karani: No. I think…

Amit Sheth: Because you guys will not even understand it. Now we are…

Ketan Karani: I do understand, it sir. Because, I have a big background from research and economic research for last 30years, 40 years now. So almost like, I'm really honored to be at least part of the answering part but I think being too much detailed Amit bhai would be injustice.

Amit Sheth: Yes it will be

Ketan Karani: So I just want to know what is the kind of revenue model we are looking at in 2026-2027 maybe it's like INR600 crores, INR700 crores revenue volume we are looking, at that kind of volume or not?

Amit Sheth: As a company we are targeting somewhere between INR400 crores to INR500 crores

Ketan Karani: So that is for ‘26 we are targeting?

Amit Sheth: This is for ’26 -‘27 we are targeting and we are very bullish on three areas, retail, which is our bread and butter, home lighting, infra lighting and railways, four areas.

Ketan Karani: So just to expand on the same question, which you answered. This is the kind of technology development, which we are planning to do it ourselves and manufacture ourselves. So what you said just few minutes ago, like your GP was 60%...

Amit Sheth: I'll just give you one simple example. Mr. Modi wants every city to be smart in India. Now just to give you in a very simplified way, there's a way government can have revenue through our lights we call it as smart poles. They can do advertisement on it. They can have a revenue model in terms of, if some car is breaking the signal it will be automatically charged, if it's over speeding it will be automatically charged, if a lady is harassed on the road, if there's a rape happening police will get the notification in a fraction of second

Ketan Karani: I think something like Singapore, what is happening in Singapore, it's like Singapore already support the state?

Amit Sheth: Exactly it's a Singapore based company with whom we have tied up they are doing the transfer of technology to us and we will have the license to manufacture it.

Ketan Karani: Let me just, I believe that the kind of investment, which you mentioned some minutes ago, maybe from 10 minutes, 20 minutes ago is, you are investing for projects like INR30 crores to INR100 crores which require investment. I think cash flow should never be a problem for a company which is debt free and expanding and the kind of margin which we are looking at.

You have been very clear like, if I am doing manufacturing my GP margin is 60%, so I think for most of the analysts who are with me I am just taking their view also over here. It's like if they are doing INR500 crores 60% is the GP margin probably lesser than the 60%, because I'm not going to say for INR500 crores you will do INR300 crores.

Amit Sheth: No, it will improve. So a lot of investors ask us questions. That if there is a growth in your turnovers will you be able to maintain GP? And my answer to it is very clear, last year also I said the same thing. That we as are coming from the lighting industry, if you are not in commodity our GP cannot be less than 40%.

Ketan Karani: I remember the last conference call, I heard it is 1 hour 35 minutes and I read it 10 times I remember that. So I'm very clear that we are looking at 40%, 50% GP margin on INR500 crores of turnover. When we are doing, we are going to do all the manufacturing ourselves. So it's like on INR500 crores, 40%, if I take on the lower side of the margin which you believe is INR200 crores GP in 2026-2027 is something what you are looking at which is the current market cap means if your current market cap is INR800 crores it's four times GP.

I don't know, which company in the world is valued in this level. It is ridiculously available at proper prices though this is not concerned with market price. I am looking at three years and if you are going to do INR500 crores. I think what I know of you, somewhat you are the most conservative promoter, I have seen in my life of like 40 years of research

Amit Sheth: It doesn't make sense to give figures which you have in mind and if you are not able to do it. I don’t like to…

Ketan Karani: I believe that I am really happy that Amit bhai. I am a person who wants to know next five to ten years. You have given me three to five years perspective like INR500 crores maybe INR600 crores is possible and that 40% GP margin on lower side 60% on a higher side average out at 50% or maybe whatever it is. I am believing, that Focus has its Focus very clear where it wants to be, where it will be and where it may exceed, which you are being very conservative as always not willing to say we will achieve this.

I want to give example of Infosys over here they have in last 20 years, we started doing research of Infosys at INR100 stock without split without bonus at INR120. They always under promised and over delivered. I am assured myself and I believe that you are that kind of person. Future will hold you like Narayan Murthy of a lighting industry, where your views and your where your commitments will be taken in a most right spirit and I am promising to myself that you will over deliver on everything which you have under promised today.

I believe that's the only thing I wanted to know and there is nothing on quarter-on-quarter there are a lot of questions on, quarter-on-quarter I am not interested in that. Even in 2024, 2025. I believe, what you will achieve is something which you will exceed your own expectations. So I thank you for your time. Thank you very much, I want to understand that ’25, ’26, ‘27 what you will do, that's only what I want to understand?

Amit Sheth: Thank you very much.

Ketan Karani: Thank you Amit bhai. Thank you Tarun bhai. Thank you everyone.

Amit Sheth: Thank you, sir.

Moderator: Thank you. Our next question is from the line of Sonal Minhas from Prescient Investment Management. Please go ahead.

Sonal Minhas: Glad to hear, somebody from the research community having such a positive view. I have two, three questions. I just wanted to understand the sustainability of the margins as we go ahead. This is again some three years to five years horizon, I'm not talking [inaudible 0:49:07] that's the first question sir? And second is more around, I'm sure maybe you have it in mind as well what kind of team leadership board level hiring, we need to do to or reconstitute to make this look more like incrementally more professionally run company and I guess that's the question I want to ask?

Amit Sheth: So what was the first question on sustainability on the margin right?

Sonal Minhas: Yes, sustainability of margins, given that there is a huge change, between FY ‘22 and FY ‘23. If you could also cover the flip side of margin like where this will basically taper down, taper up definitely help us to understand the numbers better?

Amit Sheth: Yes, so we as a company the sustainability of the margins will only come with us or till the time we invest on technologies which are not easily, manufacturable by our competitors. Number one, which are unless there are patents on it or there are technological barriers on it and that is what we are working on and that is that is one of the reasons why I'm looking at three to five years horizon and not immediate.

We are trying to invent technologies. We are not today buying technologies, we are trying to invent technologies with a lot of international companies. We don't have the bandwidth, but we are investing with them. We are encouraging to develop it for us. So, don't see a very big issue with sustainability of margins with us.

Second we as a company, we are not investing into any product line today wherein we are just working like a commodity and we are getting into those price war games. We are not into that, we are not good into this and there are a lot of companies bigger much bigger companies who've been working on it, and they've been extremely successful. It's not, we have not tried, we have miserably failed and we don't have any aspiration to get into it.

What we are really looking at is that when we bring these technologies in India and if we are successful with these technologies, which we see we will be successful. How we can improve it, to a better GP or a better net margins or better EBITDA? This is what we are trying to work on it. Okay

Sonal Minhas: Sir, who's the technically capable person in the team, lead the team, technical initiative, how much is the R&D spend if you could just highlight that?

Amit Sheth: Yes. How much is the R&D spend? I don't have the absolute values of the R&D spend. But we've been investing very heavily. Average I think, 7% to 10% right now we'll be investing on research development of the product. This year it might go even much higher than that, number one

Sonal Minhas: Sir, 7% to 10% of your top line is what you are investing on R&D.

Amit Sheth: This year it will be 10% of our top line. It will be not on R&D only for dyes, tools, manufacturing…

Sonal Minhas: Everything that our product is going to spend on people team cost is also included in that?

Amit Sheth: No, it's not people team cost this is only products only product, and more product. It may be high, it might double up to 20% also. That's a call we'll be taking it over a period of time, once it happens. Till R&D is concerned, we have a team, a professional team based in Ahmedabad in factory. We have software, we have solid work license, nine solid work license we have, we have complete lab for testing. We are the only lab, which has been enable accredited. So we don't have to go outside to test our products, to do all those R&D. We have a lot of international consultants, designers working on our R&D.

So it's a team effort, I head that team. I don't take part in day-to-day sales. Sales is not my forte today, my forte is development, my forte is doing technologies, that's what my passion is. So that is what I had and that is what I enjoy and that is what I do. Sales has been taken care over by, there is a team who takes care of sales all over India or whether it is in Middle East or South East Asia. I only get into this new development, new verticals and new opportunities what we have.

Sonal Minhas: And in terms of second question again three years to five years outlook. Where do you see gaps in terms of your team, your management ready to fill, people need to get in, make it more like a big org?

Amit Sheth: See please understand one thing. We already have a – there is a fixed cost, which we have invested very heavily and we have kept. Till manpower is concerned, typically if you are coming from the outside world you will think that if there is a turnover of INR170 crores then they will have 300 people and if they want to reach INR400 crores they will need 600 people. No it's not that way.

Till manufacturing is concerned, yes, we might require certain machineries, which we are thinking of investing on. If we are going for developing certain product I am not getting into it right now. Till manpower is concerned, this project values are high the effort which goes for a project value of INR1 crore the similar effort goes for an INR50 crores project also.

We already have a team in place who is doing it. We need to add manpower, it's not that we don't need to add. But we don't need to double up. We need to add it by 10%, 15% on a higher side or 20% max but we don't need to double up to get this type of turnovers. We still have the bandwidth, we still have the capacity with the existing team also, we can at least grow by 50% to 70%.

Till manufacturing is concerned till labor is concerned, factory has got the capacity if it is just an assembly line, we can at least three times that's known as this existing factory can take it. But if it is a complete new vertical, new line of where this factory cannot adopt it, then we will be looking at another factory also.

Sonal Minhas: Understand, that's it for my side. Thank you.

Moderator: Thank you. Our next question is from the line of Johns George an individual investor. Please go ahead.

Johns George: Hi thanks for the time and Mr. Amit sir congratulations on the good result and also I got a lot of the details from the previous questions answered. So I have a few questions, the first one now is related to your partner entity that is the manufacturing unit called Shethvinod. I understand that you use Shethvinod for manufacturing, but related to that I can see in related party transactions there is a set of sales towards Shethvinod I know what is that for and also another question related to Shethvinod. If you look at the statement of Shethvinod there is a net profit of say INR1 crores INR2.4 crores etcetera in the last few years.

If had that been an in-house manufacturing facility like your Bhiwadi or Ahmadabad plant this profit amount would not be incurred by Focus, which would be straight away add to the bottom line. So why would this arrangement…

Amit Sheth: Which data, which year data are you looking at my friend. First question?

Johns George: I have taken the statements from Shethvinod is from [inaudible 0:58:05]. I bought the statements from that website which shows in Shethvinod?

Amit Sheth: Shethvinod is a fully owned subsidiary of Focus Lighting.

Johns George: Fully owned subsidiary.

Amit Sheth: Yes

Johns George: But is…

Amit Sheth: So where is the question arising of Shethvinod manufacturing. Shethvinod it was into existence some three years back, three years back we bought over Shethvinod and today there is no existence of Shethvinod. There is no business in Shethvinod. Shethvinod it was my just to give you a brief and just to give you a background Shethvinod, we -- Focus never had a manufacturing facility Shethvinod it was the first company, which was originally known as Shantilal and Brothers manufacturing department.

Shantilal and Brothers manufacturing department was a manufacturing company and we were traders. So we were buying from Shantilal and I had an emotional attachment with that company because it was my father's company and that company has been merged into Focus Lighting and from last two years or three years there is no business in it. Everything has been diverted to Focus Lighting. So the data you have is not correct, maybe you're referring to some old data. Tarun if you can just answer it …

Tarun Udeshi: Mr. George, I think you have sent an email also regarding, asking for a detailed explanation on this. So the same figure what you're seeing from Shethvinod to Focus is nothing but the assets and stock transfer, which happened three years back from Shethvinod to Focus. As sir said previously Shethvinod was manufacturing for Focus. So now what we have done is we have transferred the manufacturing from Shethvinod to Focus. In that process, whatever stock and the assets, which Shethvinod had that we have sold from Shethvinod to Focus that is what we are seeing as a sale from Shethvinod to Focus…

Amit Sheth: And that's a three years old story why are we discussing it today.

Johns George: But your 2022 annual report still has Shethvinod a related transaction party, there's a sales and there is a trailing balance with related party transaction there and response to my previous email, you said there is no question of merging -- there's no plan for merging Shethvinod's asset. But now you're saying it is already merged. So I'm just confusing…

Amit Sheth: It's done three years back. Who has sent you this email? Can you send me this, some -- whatever email coordination that you have. Okay let's not get.

Johns George: Probably I will send you back.

Amit Sheth: Okay just to summarize it and make it easy for you. Shethvinod has been – so there has been a stock transfer. Stock sale from Shethvinod to Focus Lighting three years back, during COVID times. And Shethvinod this is no more into existence because we had a larger manufacturing facility in Ahmedabad. It was a conscious decision that we don't want to add another cost by keeping Shethvinod.

Johns George: Okay, understand. Thanks for the details. So let me add one more quick question. So I can see that there was a capex of around INR27.5 crores from 2018 to 2022 and there was a INR31 crores preferential issue in 2022. I think that capex was for the Ahmadabad and the Bhiwandi plant, which is -- and in your recent interviews you said, this is enough for…

Amit Sheth: There is -- Bhiwandi factory was first shut down if you are talking about Bhiwandi. Bhiwandi factory was under Focus Lighting name only. And it was first shutdown and we shifted Bhiwandi to Ahmedabad and after that we shut down Shethvinod and we shifted it to Ahmedabad. So everything is manufactured under one unit and whatever the capex was, the capex was for Ahmedabad factory. Ahmedabad the factory is an 80,000 square feet, okay. So to build that factory to get machineries to get all the infrastructure there, there was a capex that was spent. Any other questions you have?

Johns George: Yes. My question is what was that INR31 crores preferential issue raised for what was it used for? Is already around INR30 crores were spent for the Ahmedabad plant over the years, what was this additional INR31 crores used for? The preferential issue was what you raised in 2022?

Amit Sheth: It's a strategic planning for the company that we want to invest in future. There is an investment which you are doing year-on-year. We are doing a lot of development on a lot of verticals. So that money, so that is that is the reason of this preferential issue. And that is the reason our investors are coming.

Johns George: Yes. But what is that a union for future expansion you are saying, but you said already in the recent interview what I understand is…

Amit Sheth: That is past. We are mixing two things. One we are talking about 2022 investor coming in Focus. And before that there was an investment which was done for Ahmedabad factory. These are two separate things

Johns George: Yes. So what I'm trying to understand is, what is this INR31 crores being used for the future? So what will it be, if you can use some color on that?

Amit Sheth: Technologies, dies, tools, development, product development, software.

Johns George: For the new lines of product, or?

Amit Sheth: Sir we had one vertical. Today we have five-six verticals. There is an investment that goes into product design, there's an investment that goes into dies and tools, there's an investment that goes into technolog. You need you liquidity for that, right?

Johns George: Okay. Understand. So let me add one more question. Just to…

Amit Sheth: Sir, there are a lot of other. We are having this call from last one hour. We have only completed four investors. Please understand and please respect others also.

Johns George: Okay. I'll come back in the queue. No worries. Thanks for that.

Moderator: Thank you. Our next question is from the line of Devdeep Sarkar, individual investor. Please go ahead.

Devdeep Sarkar: Yes. Good afternoon. I would like some idea about the rail segment business. The business about it. The thing I would like and put on is the total approximate order value that is given to the lighting sector by this industry, how we are trying to capture that? Any new product updates so far? And...

Amit Sheth: We are talking about railways, right?

Devdeep Sarkar: Yes. The rail segment. Correct. And also, I would like, one more thing. What do we expect when we become approved vendor? Like, you said we can apply for 20% of the products and now we can go ahead for 80%? So how closely is that linked to the total order value given out by this industry?

Amit Sheth: Okay. Till absolute value from railway to lighting industry was the first question, right?

Devdeep Sarkar: Correct. Yes.

Amit Sheth: Honestly, the figures are somewhere around INR500 crores to INR700 crores. I don't know the exact figures. And it's very difficult for me to get the exact figures. So you need to bear with me for that. When you're in development, so there are a lot of companies -- who are trying to partner with railways. And there's a difference when you are a developed vendor and when you are an approved vendor.

So in developed vendor, there is also a norm where you have to do a particular quantity to become an approved vendor. So there are chances that a lot of developed vendors, they don't want to make margin also rather they make losses also but to get that quantity, minimum quantity so that after a year, they become an approved vendor.

Now, just to come to the margin part. The margin part in terms of margin, the gross margin of an approved vendor is much higher than a developed vendor. Because in approved vendor list there are not many approved vendor lists. For all the 16 products, which we are bidding for. So there are 16 products requirement for the in-house course of railways and that is what we have developed and we are getting approved for all the 16 products.

Now coming to the future development that was the first question, which I answered. I'm again repeating it. We have taken an initiative for Vande Bharat and it is not an initiative from railways, we have taken it as Focus. They are facing some problems. So there are a lot of lights which are not working in Vande Bharat and they've been telling that how you can improve the quality? They are not telling that how you can improve the design also.

So what we are doing is we are working with our existing product designer based in Germany. We are designing three options for them. And showing them that what can be done, in terms of energy efficiency, in terms of we did certain surveys, like, typically if you switch on the reading lights, the person sitting beside you also gets disturbed. Which is not in the case, if you go in those ICE trains or if you go in any of the airlines and this is what we are trying to propose that the reading light has to be very concentrated. It has to be very low glare and this is what we are developing for them.

We also developing one product which is used very widely by them which is used for general lighting. Now there is a lot of glare and there is a lot of light pollution and we are giving them a technology which we will be showcasing it next month to them. So these are all initiatives by us. And third but not the last, we are working on IoT, wherein we are proposing that in the night time the lights will be only be at 20%, so other passengers don't get disturbed. It saves them power also.

If there are no people in the common area, in the passage area the light will switch off automatically. In the night time, the light will change the colors to warmer, so that it gives people sound sleep. If it is something called human-centric light. I'm not going to the technicality of it.

So we are bringing all these things for railways. This is the whole idea of -- this will show them that how they can be at par with any international country till railways is concerned. And today, railway is ready to spend. But they don't have exposure. And we think it's a big opportunity, huge opportunity for us, if instead of just doing the 16 standard products where we have competition. Here we get absolute monopoly with railways, if we get approved. So that's a calculative risk, based on our assumptions, thought processes and past experience we are taking.

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

Divyam Gupta: Yes. Hi sir, good afternoon and thank you for the opportunity, I really appreciate it. Since I was looking at the annual reports for the last year and it mentioned that, the research and development charges which is INR2,61,000 for the whole year. And now, you have been mentioning on this call that, our research and development charges are approximately 10% and it will move on to 10% to 20% range. So sir, your words don't really match the numbers, which are mentioned in the annual report?

Amit Sheth: So I was very clear and there are two things. What you consider as R&D. Product development, Tarun, under what area all this thing comes? Whether it's a product investment, dies and tools and all those things and what is the percentage of that, if you can please answer?

Tarun Udeshi: So it comes under tools and another, in under fixed asset things, where we capitalize it, under tools and others. So the expense, what you're seeing is, you're referring to profit and loss accounts or which stationery…

Divyam Gupta: I'm actually mentioning on page number 20, of the annual reports, which mentioned the research and development charges were approximately INR2,61,000 for the whole year?

Tarun Udeshi: Unfortunately, I don't have that, in my hand so I will just...

Amit Sheth: It's okay. Let me answer it, okay. So this is your accounting pattern. For us, when I say that we are going to do, I've been very clear that our investment goes into development. Development for us is design, technology, tools and then production. So production does not come under development, this three. And this is our investment, what we are doing. So what you're looking is only one area, so whatever tools, we manufacture, whatever the design cost we incur, design cost, Tarun, where do you put it?

Tarun Udeshi: It's under P&L only.

Amit Sheth: But which area, so if you can answer him and if you can give him the percentage, what we can do is, you can get in touch with our CFO. He will give you the actual percentage and actual -- which area it is coming in, in profit and loss or wherever it is coming? So that it can be clarified.

Divyam Gupta: Sure, sir, I'll do that. Thank you very much. That's all from me.

Moderator: Thank you. Our next question is from the line of Ashit Kothi, an individual investor. Please go ahead.

Ashit Kothi: Yes. Good afternoon, sir. Sorry, my question might be of affirmative nature, I joined a bit late. And wanted to understand, when you are talking about gross margin for an approved vendor would be higher, so how much the difference is between an approved -- margin for approved vendor and in a normal circumstances? That is one.

And second is, we had shown fourth quarter as sales were down. Now normally, when you are dealing with most of the PSUs or government sectors, first quarters are always better off. So, if we could get color on our sales segment wise, railways or governments and then private sector. Within private sector, if our major focus is on resale or whether on malls and showrooms, then that kind of categorization, if it is possible to share?

Amit Sheth: So everything is possible to share and that's, the reason the CFO is on this call. And whatever data, you need, he will share it with you, that's not a problem. Yes, you certainly joined late and this has been a repetitive question on the quarter-to-quarter. And I've been talking from last 1.5 hour and this is fourth time, I have to repeat this.

Ashit Kothi: No, then don't repeat. I'll go through the transcription.

Amit Sheth: That would be -- I'll be very happy, if you can go through it. So I'll answer the first question because that question has not come up till now. What is the difference between, what is the margin difference between an approved vendor and a development vendor?

I just explained a few minutes back, lot of develop vendors, they need to complete the quantity to become an approved vendor. So they are really ready to go down, the margins. So a development vendor is working at an average margin of not more than 20% to 25 % gross. Approved vendor is not working anything less than 50% to 60% gross. And if approved vendor or if the vendor, who has been working with railways and if he's developing some new product, where, for example for Vande Bharat, then their gross margins can be more than 70% to 80% also.

Now, where do we get these figures, because this is everything goes on e-tender. It is not on GeM, it is on IREPS, I guess, and we get the pricing, once the tender is opened, for all the vendors. And that's why, we have realized that, the large quantities, which are going, which is

80% to approved vendor, they are bidding at much higher price and they are still getting it, because there are very few approved vendors, yes.

Ashit Kothi: And with regards to the sales breakup?

Amit Sheth: This is also sales breakup, I will request so vertical wise, we have already discussed this. But today also retail is dominant. Second is home lighting. Second and third is home lighting and infrastructure lighting. Then it is railways and IoT. And talking about percentage, Tarun, if you can give the exact percentage? Because I could not give you in this call.

Tarun Udeshi: So, 58% this of projects, residence is around 15% and rest infra is around 7.5% to 8%.

Ashit Kothi: 7.5% to 8% is infra, retail is?

Tarun Udeshi: 58%.

Ashit Kothi: Retail, home lighting?

Tarun Udeshi: Home lighting is around say, 15%.

Ashit Kothi: 15%, so where does the commercial lighting, I mean say, the major area or malls and...

Amit Sheth: That comes under retail for us.

Ashit Kothi: That comes in your retail for us. Okay. And sir, when you are working on a project level basis kind of with railways and for Vande Bharat per se, the lighting's, are you also providing solutions for the stations, lighting solutions?

Amit Sheth: Currently, no. Now we are getting into it. It's more of a commodity, so we are not very keen.

Ashit Kothi: No. Here, I'm not a technical person but when you are talking about saving energy, based on overall people flow with sensors and things like that, you could decide and switching it on and off, certain areas, where mass movements are there more lights, where less movements are there, comparatively lesser light. Pictures might be there but you would control the power. Where to have more, that kind of a solution. Whereby station operating expense on lighting, goes down.

Today we do not have an air conditioned stations per se, but tomorrow, if we have that kind of, then the overall energy expense would be substantially higher, for the railway stations, and in that scenario, we will have an issue.

Amit Sheth: I understood your question. I'll answer it. So we had done a survey. We were thinking and this is a very good idea, in fact from your side. If we can implement IoT for railway stations. Now, you need to understand one thing, A, railway stations are opened, in daytime and from all sites. If you see, most of the railway station all over the country. In the night time also, the customer of flow is so high, see the sensors works on two areas. One is occupancy, so what is the density of people, inside the station.

And second is, heat mapping. So, if there are too many humans, there will be a lot of heat and the lights will be blown to its optimum output. Now, if the occupancy goes down, then the lights will go down and you will save on energy. Unfortunately, in most of the areas, the occupancy is always been very-very high and the energy saving part has not been very great. What we had cross check, except for if you go to small villages, Tier 3…

Ashit Kothi: But what about underground metros. I mean say, underground trains, as we are moving towards that, in many areas?

Amit Sheth: See underground trains and all, we are still not bided for that. Maybe this is for future. And underground metros are still coming up. It has not come up, in a big way. And today, we are working with only three railway bodies, ICF, RCF and MCF. And coach manufacturers, who manufactures for three of this. Our major focus is, railway is huge, as you rightly projected. And it is not possible that you can enter all the areas together.

So this is something, this took us almost three years from getting ourselves factory approved, then getting our product approved, getting the lab approved. It's a long process. So first, we want to -- and there is a big chunk here, so we want to first get this market and then, we will go to the another market.

Ashit Kothi: Okay. The last question. I won't take much of yours. We do Focus stands as far as international product and competitions is concerned and whether Focus is intend to get into exports in a bigger way, or can they compete with Chinese?

Amit Sheth: I'll answer your last question first. Chinese, no, we cannot compete and we don't intend to compete. Still our product line is concerned, today the technology what we have, very few European companies also, rather not many European companies have this technology, you can say. Still international market is concerned, we already have presence in Middle East and South East Asia. We have not explored 100%. The potential is huge in Middle East and South East Asia. We will first explore that, it's not that, we have not tried for European market. We have tried for Europe but we have a language barrier and the cost getting into it, is very high.

So we are little bit -- we want to take baby steps before entering to Europe. We want to be first successful in South East Asia and Middle East. Once, we are successful, we have sustainable, same amount of turnovers or higher turnovers in those market than India, then we will go to European market.

We are already working with one of the largest firms in Europe for retail industry. We are developing some technologies for them. And they are the largest suppliers to or contractors to supermarkets and hypermarkets in Europe. The company is from Italy called Swizer and we are the only partner from Asia, they have not even approved product from China or any part, any other countries, yes.

But baby steps, still Europe is concerned, and there are certain bottlenecks. We have a huge opportunity since this topic has come out. We have a huge opportunity that, we are working with Mercedes-Benze. And we are an approved vendor with Mercedes-Benze. So today, Mercedes-

Benze has given us Middle East, Egypt and Africa, to work on. And they are also talking with us, on European market.

Same as with UNIQLO but their term is that, we have to give, made in Europe product. So we are already in talk with certain OEMs, who will manufacture for us, under our brand name. So, that it is a made in Germany product and that process is on and yes, we should get that business, but in full fledge, like in terms of having offices and all, no, currently I'm not looking at, we are not looking at.

Ashit Kothi: Right. The word, which you use sustainable. I mean say that, was from the business angle but which is a new trend, which is coming up is on sustainability. So are we also looking at that?

Amit Sheth: Yes. So we are taking a lot of initiatives and this is a serious initiative. So I told you, I've been informing on this platform that I was in Europe for one month. And I've been discussing it with lot of private companies, retailers, we've been interacting. And their biggest concern is sustainability. I've been into one of the buildings, where they have also realized that, they will not buy any material outside 60 kilometers radius. Because it's not the freight cost, but CO2 emission.

So Europe is taking this thing very seriously and we are trying to build it up. In future, when we enter European market or even for South East Asia, this is taken very seriously. So we are working very hard on sustainability. It is a strategic planning like, we have just taken a conscious call that we will zero down on plastic, in our product. So normally, every product is it comes with a plastic bag. So it has been converted into paper bag.

The cost is a little higher, we can afford it. We are converting our product into recycle plastics, wherever possible, we can, with whatever technological barrier, we have. But it's a huge step and these are the steps, which are really helping us like, we are trying to use a lot of recycling like for. We are doing some office, where we are using recycle cork, inside the light fixtures, as a decorative element. We are not using any aluminum. So those are the initiatives, we are taking and these are highly appreciated. And in long term, any international company coming into India, they come with these norms. And there are very few companies today, who are able to supply this type of sustainable products. So if we will not see immediate effect in six months to one year's time but over a long term, this will play a very important role.

Ashit Kothi: Okay. And any of our projects or products getting any benefit on carbon credit?

Amit Sheth: No. We don't getting…

Ashit Kothi: We are not getting eligible for that.

Amit Sheth: No. We are not a heavy polluter. What we do is not…

Ashit Kothi: No. Not as polluter, but when you are offering a solution, which reduces emissions or which reduces the consumption of power, then do we -- can we opt or can we get the credit…

Amit Sheth: Honestly, we are not look in it, but this is something, we will after this point, you have raised, we will look into this matter. But till date, no.

Ashit Kothi: Fine. I have a couple of others, but I will come in queue, if possible or maybe one-to-one

Amit Sheth: Whatever you are comfortable with.

Ashit Kothi: Yes. Right, sir

Moderator: Thank you. Ladies and gentlemen due to time constraint, that was the last question of our question-and-answer session. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors, for closing comments.

Vastupal Shah: Thank you from the management and .all the participants, who have joined the call of Focus Lighting and Fixtures Limited. If you have any queries, you can write us at research@kirinadvisors.com. And once again, many thanks to management and every participant of the call. Thank you.

Amit Sheth: Thank you so much.

Moderator: Thank you. On behalf of Kirin Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.