Date: 18th February, 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 Earning Conference Call for the Quarter and Nine Months ended on 31st December, 2022.

Ref: Intimation of Earning Conference Call dated 10th February, 2023.

In furtherance to our Intimation of Earning Conference Call dated 10th February, 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 Un-Audited Financial Results of the Company for the quarter and nine months ended on 31st December, 2022 held on 13th February, 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 Q3 FY2023 Earnings Conference Call”

February 15, 2023

ANALYST: **MR. VASTUPAL SHAH - KIRIN ADVISORS**

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

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2023 Earnings Conference Call of Focus Lighting & Fixtures Limited 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. Thank you and over to you.

Vastupal Shah: Thank you. Good morning everyone. I would like to welcome Mr. Amit Sheth - Managing Director of Focus Lighting & Fixtures Limited; Mr. Tarun Udeshi - Chief Financial Officer of the company and as this is the first call of the company we will have a brief introduction about the business model of the company then Q3 highlights and followed by the Q&A. Now I hand over call to Mr. Amit Sheth for the brief introduction about the company. Mr. Amit, over to you, sir.

Amit Sheth: Thank you very much Mr. Vastupal. Very good morning to everybody. This is our first conference call with investor community, I extend my warm welcome to all of you. The call is to discuss our performance for Q3 FY2023 and nine months FY2023. Before we discuss the performance in the reported quarter, I would like to give you a brief introduction about Focus Lighting & Fixtures Limited. We established our company in 2005 wherein we established as a retail lighting company, but before 2005 we were traders, we were ex partners with German company called Enzo, and after that we realized that the market is very big and either it is very expensive product from European market or it is a very, very poor quality from China. So in 2005, we started our private limited company and we decided that we will get some innovative technologies from European market a try and manufacture in India, and look into the retail industry only. Between 2005 and 2015 we were only focused on retail lighting industry and we became one of the leaders in this industry catering to only retail. Retail when we talk about we do brands like Shopper Stop, Future Group, Reliance, mainly departmental stores, fashion stores, jewelry stores, this was our core competency. Value what we added was we got not only the technology, but we got product designing done from Germany we hired two designers who worked exclusively for Focus Lighting. They were working initially for some German companies and Swiss companies, and then they started exclusively working with us. In 2016 we decided to diversify into home lighting and that is how we again started hunting for some technologies in Europe and we realized that there is not only a lot of gaps in the industry, but we realize that there are a lot of technologies, innovative technologies, which can be introduced for home lighting in particular. So we got some patented technologies where we pay a license fee and we pay royalty to them, and we got exclusivity for Indian market. That is how we started manufacturing for home vertical. The company currently manufacturers in an area of 80000 square feet, and produces roughly 1500 fixtures per day. After that we realized that there is a huge business in railways and we got approval from ICF, NCF and RCF, we have 16 products as of now approved, currently we are a development source for railways and by May we will be an approved source. So when we are a developed source we do not get more than 20% of the business, once we are approved source the business we can get is up to 80% to 90%. We also ventured in 2022 for infrastructure lighting and infrastructure lighting when I talk about, we do airports, temples, landscape lighting, facade lighting, this is something what we do in infrastructure lighting. We were able to do some of the marquee projects like Kundapura project. It is one of the largest temple for Jain Digambar in Madhya Pradesh, it is called Bade Baba Temple, Lord Adinath Temple, Jain Temple. The project value was 15.5 Crores. We were the only company in India to bag Delhi airport project. This project 100% was given to a German company they were not able to execute it and then GMR came to us, and through the GMR, L&T placed an order was Rs.13 Crores for Delhi indoor lighting it also comes under infra projects. There are a lot of projects in infra which we are working and which we will see results in coming one year to two years' time. Recently the company has now ventured into outdoor lighting. We were predominantly indoor lighting company. So we started with retail lighting then we went to home lighting, infra was more of a trading, but now we have an aspiration that we will be developing infrastructure lighting in house, and also outdoor lighting. So we are getting some of the innovative technologies for outdoor lighting, wherein we can cater to the outdoor requirements in the country. Again there is a gap, there are either very high end German companies who are exorbitantly expensive or there are Chinese companies which are not at all reliable. So outdoor is something we find a huge gap and that is the industry where we are investing for coming years very heavily. We have other three subsidiaries Plus Light Tech FZE which is based in UAE Dubai. Focus Lighting & Fixtures PT which is based in Singapore. Focus Lighting Corporation in Delaware which is based in USA. We have pioneered in developing sustainable lighting concepts beyond current trends. Our standard five years warranty for all the products serves as the promise of efficiency.

Now let me take you through the financial performance of the company for Q3 FY2023 and nine months FY2023. Consolidate key financials at a glance. Our total income for Q3 FY2023 was 61.31 Crores, it is up by 137%. EBITDA is at 15.3 Crores, it is up by 438%. PAT has come to 11.35 Crores, it is up by 759%. EPS right now is 11.2 up by 761% roughly. Total income at 128.85 Crores up by 81.35%. Revenue from manufacturing activities contributed to 86.6 Crores against 39.72 Crores Nine Months FY2022. Revenue from trading activities contributed to 14.09 against 13.61 in nine months FY2022. EBITDA at 26.88 Crores. EBITDA is up by 434%. PBIT from manufacturing activity contributed to 20.57 Crores against 1.97 Crores in nine month FY2022. PBIT from trading activity contributed to 3.2 Crores against 0.58 Crores in nine months FY2022. PAT at 18.9 Crore up by 1336%. EPS at 17.94 up by 1370%. That is from my side. Any further questions if you have, what we are working on, where we are diversifying, whatever. I am open for it.

Moderator: Thank you very much, Sir. We will now begin the question-and-answer session. We have the first question from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: I wanted to know how do you think FY2024 is looking.

Amit Sheth: See as I told you, we were predominantly a retail lighting company, and we diversified into various verticals and typically what we see is the real jump is coming in infrastructure lighting. Infrastructure railway and outdoor are the three areas where we are focusing very hard, and where the profitability is improving, and if there is an infrastructure growth in our company we bound to grow leaps and bounds, there is no question that we will stay behind. There are roughly 24 airports, which are coming up in India, there are 30 roughly railway stations, which are either refurbished or they are going to be new, bullet train is coming in a big way in India, which we all know the work is going at a very fast speed. So these are all infra projects and there is the UT Statue of Oneness these are all very, very large projects for companies like us, and single order is equivalent to 30% to 50% of the turnover. But as I told, infra projects it takes a lot of time. So it is not like because we start working with them when they start the designing then the construction happens, then the execution happens. So those business will come, but which year it comes we are not sure, but overall we do not see any issues any problem are coming five years’ time.

Raaj: Looking at the expansion which you will get. So how much of investment would we need incremental investment if you can just comment on it.

Amit Sheth: Please understand that, we have already, as I told you in my opening speech also that we have a manufacturing facility of 80000 square feet. Out of that we are currently utilizing only 40000 square feet. So we have a spare manufacturing facility, we invested in last four years in R&D, in laboratory, and in manufacturing. These are the three areas where we need to invest, and those investments are already done. So now what we are investing is only on product design and tooling, which is not turning to a very, very large investment. So as infrastructure is concerned, we already have it in place, we are just investing on new product lines.

Raaj: And how much of the cash we have in the books as on Q3 end.

Amit Sheth: I think that Tarun can reply on it.

Tarun Udeshi: Hi, good morning. You need to know the current bank balances on December.

Raaj: Yes.

Amit Sheth: So currently we are a debt free company, we are not we are not utilizing any CC limit right now from the bank, but what are the cash you mean to say reserves what we had.

Tarun Udeshi: You mean to say the cash and bank balance what we have with the bank, this is what you are trying to say.

Raaj: Yes.

Tarun Udeshi: This time what we have done is we just published the profit and loss account balance sheet is not published. One second, so I can provide it to you, but just give me a minute.

Amit Sheth: Till that time we can go to another question.

Raaj: Anyway thanks and it is happy to see you are doing earnings call. Thanks. Have a good day. Bye.

Moderator: Thank you. The next question is from the line of Vivek Gautam from GS Investment. Please go ahead.

Vivek Gautam: Yes, sir, congratulations on the good numbers and the good growth shown by you. So is it sustainable number one and number two you had come with an SME IPO and small IPO and 5 Crore IPO and then you have come to the main board and we went through some very bad times also and what were the reasons for that and have we recovered totally from those, that times and how is the future looking like, railway seems to be one of the major focus area for us and hopefully and by any RDSO affiliation or approval have we done so because that seems to be very tedious and time consuming process that RDSO Lucknow.

Amit Sheth: I will answer step-by-step. So our peak was 2019 which was our peak and we registered 110 Crores and we had a PAT of roughly 9% or 10%, I do not remember exactly and COVID had affected us very badly in my career I have never seen our company degrowing or balance sheet going down, but we struggled for two years, and we struggled very badly, and we struggled mainly because we are into project business, we are into retail business. Retail today also contributes to roughly 52% of our turnovers. So retail is certainly very big for us, which up to 2019 was somewhere around 70% to 80% of our turnovers. But this last three years has given us a lot of learnings and reason what you see this growth is because we did not keep our self silent and what we did was we aggressively went on investing on other areas, other verticals see lighting is a very big industry, it is mainly divided into indoor and outdoor. In indoor it is office lighting, retail lighting, home lighting. In outdoor it is street lighting, infrastructure lighting, landscape lighting, a lot of things are there underwater lighting, so there are a lot of verticals and each vertical has a lot of potential to reach to certain turnovers, what we are targeting today we have seven verticals retail, home, railway, infrastructure, IoT, and trade. So all these verticals they have a potential that what we foresee is that this each individual vertical can go up to 100 Crores. So there is enough growth which company can see in near future and there is enough potential in the industry what we foresee. Out of that as you rightly said there are two areas which we are really banking one is railway and one is infrastructure lighting. Now when I come to railways as per railway norms now we do not have to go to RDSO we need approval from ICF, MCF, and RCF, which we already have, we are already a registered vendor it was four or five years back where every product has to be tested by RDSO Lucknow and once RDSO approves it then only you can supply it to railway, that for lighting they have taken out. In fact uh today in railways what we are doing is we are developing railway has got existing systems, which we manufacture we design and manufacture it, now we are giving them new technologies, which are patented technology, railway wants to showcase like if you see Vande Bharat, Vande Bharat has been a very big hit in India and they really want to showcase that Indian Railways is at par with any international railways like Germany, in Europe you have IC. So they really want to push to that level. So currently what we are doing is not only supplying their existing product, but we are developing some patented technology where we are supposed to get absolute, absolute monopoly, and that is what we are eyeing for. So this is regarding what was your third question whether we can sustain this growth.

Vivek Gautam: Yes.

Amit Sheth: Sustainability of growth and profitability will certainly, in fact we are looking for a higher PAT. A lot of people from the industry is asking whether we can sustain this type of PAT. So there are one thing we need to understand is till companies like Focus is concerned we request investors not to see every quarter, but to see yearly results. I know it is a mentality that we see quarter-to-quarter and the expectation goes higher every quarter, but what we are looking because we are into infra business right now. We are focusing very hard and those projects, which what it realizes we do not know. We work for two years and on the third year first quarter or the second quarter that business gets realized. So that quarter becomes very, very strong. So what we are looking for is an average whether we can sustain a growth of 30% to 50% or to answer that question, yes, it is possible whether we can sustain profitability PAT of somewhere between 10% to 15%, yes, in fact we are looking for a better profitability and better PAT for coming years because the investment is going in those direction, in areas where the PAT can be much, much better than this also. Any other questions you had.

Vivek Gautam: Yes. The competition if you can say something because how severe is the competition for it or I had heard that certain retail stores our quality was much better that even the Phillips was not able to make it earlier and they had gone in for us and they are quite satisfied and how is the team looking like now and any slowdown in the consumption phase post COVID pent-up demand is it impacting us in the retail space.

Amit Sheth: No there is a retail boom in the country and we do not see slowdown coming as of now number one. Number two today market leaders like Reliance for example they are ready to invest on technology which is a big boost for companies like us, we are a technology company, and as you rightly said Phillips when they go to the industry they say that we can match quality of Focus, which we shared with great pride, we invest heavily on technology. As far as competition is concerned, there is no industry where you do not have competition, but again if you have an edge in terms of technology if you have an edge in terms of patent. So we are using technologies which are patented. We are investing very heavily on technologies, which industry is not going to bring it. Now India typically if you go to see India is a trading hub still lighting is concerned. Most of the companies you will see either buying from China or either they are buying it from Europe and this companies they just either they white label it and they sell it in their brand or they just sell it in European brands directly because it is a big brand in the Europe, where we see ourself is that we are bringing those technologies in India manufacturing it adding value to it, reducing the cost for the end user or for the consumer and that is where we are getting our business, that is where we are getting our growth. So in this industry there are companies who will copy us, there will be cheap copies where we cannot do anything because the norms are not very strong in India, but again it is not possible to copy those technologies. So we do not see much of a problem till retail is concerned or infrastructure is concerned and I think there is a market for everything. We as a company we are in a niche market, we are in a market where companies consultants, they understand technicality, and they love to work with us, they want to have five to ten years hassle free no tension that okay what will happen if something goes wrong, if something blows up, without light things do not work, where humans are there is light and today the biggest challenge in our industry is sustainability, we give warranties and guarantee for five years, and to have those type of warranties and guaranty is a big challenge in our industry. Today Phillips, Havells, Syska they are giving guarantee of one years and two years because they know that the product do not last for long. Today we give extended warranty up to 8 years why we give extended warranty because we are sure that our base is very strong, our quality is very strong, so in our business we do not see much of competition, there will be cheap copies which will always happen, there will be some share of market which will be taken by unorganized industry, but it is not affecting us. In fact it is making us stronger other way round.

Vivek Gautam: Congratulations and just a few words on what clients you have and the Kundapura win was a very good win and how is the opportunity size in this particular temple there are host of Jain temples all over India and not only Jain temple, other temples also. So are we targeting them.

Amit Sheth: So, yes Kundapura was a learning for us typically when we started retail lighting we were traders. We learned as a trader in terms of quality, workmanship, technicality, and then we started manufacturing it. So here also the idea is that in this infra Kundapura we consider as an infrastructure lighting, Kundapura was a big learning for us not only in terms of value but also in terms of how infrastructure lighting works, what are the key areas we have to work on. So what are the things we have to take care of, and this really it like we got experience from a European brand which has got 50 years of experience, we could download it in two years' time and our goal is that we will slowly and steadily invest on that and manufacture it in India. To answer your second question, there are a lot of ports, temples, which have been highlighted because of this Modi government they really want to increase the tourism in this country and any places of worship or any places which has got importance from Taj Mahal to Qutub Minar it has to be a revenue generation for them and for that lighting plays a key role. So we are working very hard on this area and this is where the big turnovers are coming from, which you will see today and in near future also.

Vivek Gautam: Lastly few words about the clients you have, Reliance is a client, Shopper Stop I believe has been very old client of yours and very satisfied client who else.

Amit Sheth: So today we have clients like GMR, GVK, L&T, Reliance, Railways, then Bombardier, just to name a few. Retail you name a brand we are working with retail brands from Tata Motors, we do Audi, Volkswagen, Volvo, Mercedes-Benz, Mercedes we are approved in Middle East also now and we are looking that will be approved in future for European market also, we are working with IKEA, IKEA we are the sole vendor in India and now we are approved for Middle East, we will be getting some revenue out from Middle East market what we are focusing is that coming in near future we will be approved for Southeast Asia and for Latin America also which is a large chunk of business from IKEA which will come to us, we are approved by a Japanese front and we have exclusive supplier in India and we are working very hard to get ourselves approved we are creating an infrastructure that we can at least serve them in Southeast Asia because in India they open four stores every year, our turnovers may be somewhere around Rs.2 to Rs.3 Crore but in Southeast Asia itself we are looking for a revenue of 50 to 100 Crores only from one single brand, like IKEA. So this is how retail works and it becomes very interesting when you go global. So yes these are the brands we work with day in and day out.

Vivek Gautam: Lastly about yourself sir, you are basically in the lighting business now for the second generation of third generation started from reversal market if I remember correctly and now have really evolved over a period of time and how has been the experience so far and how is the opportunities are looking like.

Amit Sheth: My career goes I started my career from Lohar Chawl we had a retail shop in Lohar Chawl we were selling electrical appliances. So from ovens to refrigerators to cooking range, gas stoves, this was a main line of business, this is how I started. This was my family business. We entered into office lighting, I think in 1998 and 2001 I started this retail lighting business, which started accidentally and from 2001 I was focusing on this vertical of retail lighting they started becoming big and 2005 then I started the own company so this is actually you can say it is a first generation business it is not the second generation or third generation business.

Vivek Gautam: And what was the Shantilal Company having the role in your organization.

Amit Sheth: Shantilal so that was a family business as I told you that we had a shop in Lohar Chawl and Shantilal was a manufacturing facility which we had in Kandivli and we were initially manufacturing water filter candles and then we were manufacturing diamond assorting lamps we were serving diamond industry and then the company had shut down because my father was not well, he had a paralytic attack and after that I think we took that factory in hand in somewhere between I do not recollect the exact year, but probably in 2011 or 2012 we would have taken that factory in hand, we revived that factory we started that factory again and right now the factory has got no existence it has been merged with Focus Lighting. So it is a fully owned subsidiary of our lighting.

Vivek Gautam: Okay sir, thanks a lot, keep up the good work.

Moderator: Thank you. The next question is from the line of Sahil Sharma from SS Capital. Please go ahead.

Sahil Sharma: Hi, sir, congratulations on a great set of numbers. One thing I wanted to understand is you have talked about design led thinking, innovation coming up with efficient LED solution and various certifications that we have in our investor presentation. Can you even talk about what are the competitive advantages or any kind of how technical knowhow that we have developed and why it might be difficult for other companies to compete with us for example you also mentioned that Phillips talks about matching Focus's quality. So basically what are we doing uniquely that makes it difficult for these other companies to compete with us especially on quality.

Amit Sheth: See there are two areas in lighting. When any buyer wants to buy lighting he has to look into two areas one is safety which is of prime importance and second is performance. So as far as safety is concerned all the large projects they require certain certifications to ensure that there is no fire, if there is fire the lights are not spreading fire, if installer is installing the lights he is not getting electrical shock. I am talking in a very simple language so that you can understand it. Now this is a huge gap and this certification comes at a very, very expensive price. There are international certificates like ENEC in Europe or VD in Europe or CECD which are required and every country has got specified certification. In India now we have BIS. So what we have done is we have heavily invested on our laboratory which is NABL accredited. Now you can say there are only five or six NABL accredited labs in lighting industry. I do not know the exact figure, but this is what I am assuming we are one among them. Now we do not have to go get certain certification to an external agency we can self-certify it and this is approved worldwide, which is a big advantage with us. That means that if somebody is buying our product it is safe to use it and a reason why this all of a sudden infra or growth what we got is because we could show it to like L&T came to our factory, GMR people came to our factory, because effort is a huge, huge there are a lot of compliances we have to do it for when you are supplying for airport it is not just you have developed something and you are supplying it. There are a lot of testing, lot of certifications required, and they were very happy to work with us because we had this infrastructure. Now this infrastructure in our industry nobody has it. With our size of company and that was our first vision what we had that if you have to really grow in infrastructure where the volumes are very large we need to have lab in house and also we have international certifications like CB, SASO, KuCAS. So these are entry barriers to do business outside India like if you want to for example if you want to do business in Saudi you need SASO if you do not have SASO certification you cannot do business, if you have a product of hold also but you do not have this certain that certification takes one, one and a half year. So the competition is less and these are already in place with us and we are doing business with we are doing a lot of exports 20% of our revenue comes from export, which we expect that it will grow over a period of year-on-year by at least by 20% to 30%. Second where we come into is the efficiency part, energy is a big cost worldwide and energy replacement these are all related to efficiency and durability. So whenever client is working with us, we always show that there is at least 30% to 40% saving on the energy cost, the client might be spending more with us but there is a lot of saving on that, which becomes very big when it comes to infrastructure, which becomes very big when it comes to retail, but not for home lighting. Third area where we have worked very hard is look and feel of technical lighting, technical lighting is not something where people like to see it, decorative is something you like to see it, but in technical lighting how we can make it minimalistic or rather invisible is something we have worked we are the first company who has got red dot design award, German design award. This is only on how the esthetically the product looks and what are the technical features what we have added we have got this award for. So we have opened a market which was for European market for us in this country and that is how we are getting a sort of a monopoly here. I hope I could answer your question or you had some other questions.

Sahil Sharma: Yes, sir. Just one quick follow up on this you talked about 30% to 40% cost saving. Is this compared to non LED solutions or other LED brands or what is the baseline here for cost saving.

Amit Sheth: No cost saving is whether you are working with the Europe, first of all it is with LED-to-LED, and when we say LED-to-LED we are not only comparing it with the other brands which are either from Europe or from China or from India, but any brand we very proudly say that there will be a considerable saving when you are working with Focus.

Sahil Sharma: So what you are telling us is that in general if a client goes with Focus LED lights they might save 30% to 40% of the running cost.

Amit Sheth: Yes.

Sahil Sharma: My next question is in general in these specific segments, which appear attractive to us, which is railway, outdoor and infra lighting. What are some of the other companies or brands that we compete with and especially ones which we sort of either respect or might be outbidding us or sort of be able to like win against us, that we see. Just few names if you might know about this.

Amit Sheth: Sorry can you repeat the question.

Sahil Sharma: Yes, sir. What I was asking is that especially in these railway infrastructure and outdoor lighting segments, what are the other companies with which we compete, who might win these projects if we do not win them like who are the competitors for us in these segments.

Amit Sheth: So competition is everywhere, we never said that there is an absolute monopoly in the industry, and competition is always healthy for companies to grow. If there is no competition the growth will be restricted. When it comes to railways or what we foresee is that there are all put together 13 to 14 companies who are working with railways as far as lighting is concerned, but none of the companies have all the requirement fulfilled for railway number one. So either some companies are working for two or three product, others are working for another two or three products, but we are the only one who has got 16 or 19 products approved from railways and developing more and more day in and day out, because we can do development in house. So that is one strength what we have. Second thing is consistency in the railway is a big challenge for railway itself, when I say consistency in terms of quality, and railways are looking for good vendors who can give consistent quality for a long period of time, most of the companies dealing with railway they are all unorganized players, they are not organized players. We can say that only one or two organized players. So that way we see that the competition is very less, that is also one more important thing. Third is demand and supply. Today railway the growth what railway has, railway is the only vertical or industry where demand is more and supply is not there. Railway is bleeding, railway production becomes slower when the supply does not happen. Please understand one small component if not supplied they cannot get the train out. Same thing is with lighting, if one compartment is dark you cannot bring it out. So that is where we come in and that is where we see a huge potential, railway was surviving without Focus all this year. But there is a potential that with our service, with our supply, with our manufacturing capacity, with the quality consistency what we can have, we can have a very large business in this railways. Coming to infrastructure and outdoor lighting as you said what we see is it very haphazard in India right now, infra there are some large European companies which are doing business like infra also there are a lot of areas in infra. For example you do Facade Lighting, you do 3D Projection, see I am not getting into retrofit because you guys will not understand it becomes quite boring. So where we see our self is that today Make in India is becoming very strong. Now when Make in India is becoming very strong, we know we do not have resources in our country, we do not have very high quality manufacturing in our country. So that is where we are coming in, when it comes to infrastructure or outdoor lighting. So I keep repeating in all my interviews that either it is European countries who is getting business in India or it is China. Now China there is no reliability, Europe is very expensive, and in center there is a big market, which is open, if you can give European quality not at a Chinese price, but at the Indian price. When I say at an Indian price what I mean is that it can be expensive even by 30% to 40% compared to China, but the quality is of Europe, but it is cost effective by 50% when you compare it with European companies. So that is where we come in. Aspiration is concerned there are very big massive companies like Griven is there, GVA is there, Castaldi is there, these are all European brands I am talking about, Radian from UK is there. These companies have made big for themselves in European countries. So these are the companies we really get aspired from, but again we are not copying them or we are not just developing anything, which they are doing it. We are developing our own technology. So tomorrow if we go to international market and we do not want somebody to say hey you copied this company. No we have not copied, we have our own identity, we have our own product design, we have our own technicality. We take a lot of time to introduce our product we take one year to two years' time. To introduce a range of products we take so much of time because we start from design process, we sit on the sketch board and just start sketching and how the product has looked. So the process is really tedious with us, but we know once we develop a product that product lasts for 10 to 20 years, and we will make money out of it.

Sahil Sharma: Thank you so much sir, that definitely answers. Just one quick clarification on the railway side you mentioned there are one or two organized players. Can you just talk about who these are.

Amit Sheth: There is a company from Chennai called Kay Light to what I know they are quite organized and they get a good chunk from railways and there is a company called Evergreen in Vasai in Mumbai they are also quite a big company and they do quite a bit for railways. These are the two companies what I know.

Sahil Sharma: So, I mean in general if I look at the lighting space I think two big retail brands that at least we know about generally are like Phillips and Havells that like as end customers that we know about. So one thing I wanted to understand is that basically like why does everyone not buy the Phillips or Havells. For example let us say it is an infra project you mentioned I think 15 Crore or 13 Crore for the temple. So why would they just not take these off the shelf products from Phillips and Havells like why do we have such a fragmented industry where there are like maybe 20, 30, 50, 100 companies making lighting.

Amit Sheth: You need to understand one thing. If you see top ten companies in India, which start from Phillips, Havells, Syska, Orient, Crompton, Bajaj, I am thinking all the names whatever I remember, Halonix. These are all companies which are about 500 Crores. The major chunk of business comes from trade when I say trade, trade is B2C. So they have dealer, distributors across India 2000 to 2500 dealers across India. Their product pricing starts from Rs.200 to Rs.500 they are into commodity business. There is no technicality involved in it like for the layman if I am making house and if you want four tube lights we will go in the market to lower sell market if you are from Bombay or in Delhi and you will say make of LSP charge tube light data, but there is no technicality. The only thing what they see is they have to give one year warranty for that product and the product has to last for one year after that whatever happens. We do not come from commodity business, we come from technical business. Our product range starts from 1500 to today Rs.1 lakh each one product. So when somebody comes to us and if they are buying from us there is a lot of technicality involved. You as a layman you are not going to ask Phillips if you have certification, if you have a safety certification, you are not asking, you are buying it from a brand. With us architects work, with us lighting consultant work on large projects where they are looking for certain type of effect of light, the way they have envisaged it. The way they want whatever they have created it should look. So lighting can make things look beautiful. So that is where we come in, so we do not supply, we design, supply and sometimes execute also for large projects we do SITC jobs now, because we take complete owners that whatever they have imagined we are bringing it to life if we are not bringing it to life then they will deduct our money also. This type of bandwidth these companies do not have it. So that is why they are not in this vertical and they are not in this industry.

Sahil Sharma: Thank you so much sir and you also mentioned that, clarifications on what you had already mentioned. I think you said that he can potentially sustain 10% to 15% PAT margins in the future. I think you also talked about some growth number I could not hear that properly was it 30% or any other number.

Amit Sheth: See as I told you that as a company or me as an individual promoter of this company, I am not looking for a quarter-to-quarter growth. What I am looking for ideally I will look at three years growth. So our three years average growth what we are seeing is 30% to 40% year-on-year and this is what we are targeting and we are keeping in mind and we are working according to it.

Sahil Sharma: Sir, you mentioned out of 80000 square foot manufacturing capacity I think 40000 is used like do you mean to say that we have space of 80000 and we are using 40000 or like that complete 80000 is built and we are at 50% capacity utilization.

Amit Sheth: Complete 80000 so it is a complete 80000 build up space. We have infrastructure as I told before also it is ready with us we are utilizing right now 50% of the capacity.

Sahil Sharma: Got it. So, I mean, if we have to double revenue from here we do not require any incremental CapEx but beyond that we might have some.

Amit Sheth: That is what we are foreseeing it.

Sahil Sharma: Thank you so much, sir. That is all from my side and again thank you for the great numbers.

Moderator: Thank you. The next question is from the line of Devesh Srimali from DS Investments. Please go ahead.

Devesh Srimali: Hi! Good afternoon and congratulations for good set of numbers. I think most of my questions have been answered, but just wanted to get your view in terms of your aspiration around the verticals that you called out as a mix two, three years, four years out, the way we are hearing is that you see more infra and railway becoming larger component and that has a different tender dynamics and all those things. So while your aspirations might be more heavier on that side, just wanted to get an idea that how do you see company evolving as identity from retail to this side and what do you see as a challenges in this journey.

Amit Sheth: First is a challenge part. Challenge is execution, as I told you before also we are not a company typically who loves to trade, but the whole idea is that we understand, we learn from our vertical from trading, and then we manufacture, and we sell, that is where we get our profits and that is why we have a sort of a monopoly market. So the challenge is only time, nothing but time. It took us three years to get approval from all these three bodies ICF, MCF, and RCF and another one year from development source to an approved source. So that one year is still going on. So it is a time taking process for us and that is a challenge. Till verticals are concerned, if I can chart it down we have seven verticals. We started with retail up to 2016 we went to home the railway, infra, IoT and we have a trade brand called TRIX. Now home is also one area where we are really focusing hard and we see a huge potential, which is happening today. We are opening experience centers and our biggest challenge is to have experience center pan India in Middle East at least one experience center in Middle East this is one of the biggest challenge and we want to open at least five experience centers in coming two years' time, and that is the real revenue generation for us which can happen. Retail, we see a constant growth in retail, the big growth will come in retail, if we can get brands like IKEA or Uniqlo which are international brands or Mercedes-Benz where we can do European market or we can do U.S. market for them, which can actually shake the turnovers of our company. Infra is very difficult to say what happens in infra, the size of the projects are so big, the size of the project varies from 5 Crores to 100 Crores. We are bidding for a single inquiry of 120 Crores to 5 Crores. So infra is something where that is the reason we are bullish, but infra takes its own time the realization takes, one project realization takes roughly six months to two years if that project is very large it can extend to two to three years also. Railway yes we are very, very bullish in railway and we see good growth coming for the next year. IoT and trade we have just started we are still very, very small in trade business for companies like Phillips, Havells and Syska does, we do not see a very huge growth coming, but we are working towards this, we have invested heavily on it and we feel it will still grow by 20% to 30% but the numbers are very small to talk today. Till IoT is concerned, IoT is one area wherein IoT will be 20000 Crore market in India and we have a sort of monopoly in IoT also and it is a very disruptive technology what we have worked on, we have to capitalize on it and that is one area where we are going slow because of so many verticals all of a sudden coming up and we are not able to focus on it, but probably in in a years' time we will be focusing very hard on IoT also.

Devesh Srimali: Great sir, again that is quite helpful and aligned to this when we sort of have this explosive growth multiple vertical. How do you see organization structure evolving with this because you will have certain bandwidth limitations and how do you see that thing.

Amit Sheth: See from a journey of 3 Crores to today a journey of this nine months is 130 Crores roughly it is journey where there are a lot of challenges where you face there was a time wherein a simple packaging or getting a simple screw in India was a big challenge for us or to get a designer on board because we were a small company was a big challenge for us. So we have faced all those challenges and we have come through those challenges and there are dedicated team, dedicated people who are handling this verticals and we work in a very simple way wherein once any vertical has gone to one number of turnover then it goes to our team. Till that time I am personally involved with one person we ensure that we bring it to one level and then give it to the team and then there is a dedicated team who is working only on those verticals for example for railway. So we have a dedicated team. For infra we have created a company where Focus has got 51% stake in it and the idea is that those people are only working for infra projects. So for us manpower today is not a challenge, things are in place because it is not possible that with ten people in the company if you have 10 people and they do 50 Crores and same 10 people can do 200 Crores or 300 Crores no it is not possible. So yes, there has to be organic growth, there has to be people who comes in as and when it is required they have been trained according to that and there are systems in place wherein we ensure that we do not have those type of bottlenecks.

Devesh Srimali: The last more near-term question would be, this is just connected to the previous comment you made around the railway bump up that we planned to see in 2024. Right now we get 20% revenue and then we will be eligible for remaining. Do you have some range based guideline that currently our order book is so and so and we sort of recognized this much only and next year potentially like…

Amit Sheth: No I am really sorry we do not have any order booking, railway is all tender business. So it is on GeM portal. So every week, every day there are some tenders coming in and we have to bid for it and we have to take orders. So when you are in a 20% bracket, on 20% bracket there are a lot of development or companies who are under development and they fight for it, but approved sources their margins are almost 30% to 40% more than what development source have margins. So that is where the advantage comes. But there are no order bookings, there are railways do not give any like for three months here to supply so and so quantity, no it is not that.

Devesh Srimali: Fair enough. Thank you. Thanks a lot and wish you all the best for future.

Moderator: Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Hello sir, Congrats for a very good set of numbers. Sir my most of the questions about business have been answered but I just wanted your opinion in terms of railway you are saying you look quite bullish. So any numbers you would like to throw as in what is our current revenue coming from railway and what is our expectation going one year down the line in FY2024.

Amit Sheth: See once we become an approved source the real numbers will come into picture. We are still not an approved source in railways. So we are expected that in May they will make us an approved source and then the real turnover should start, what we are expecting for the first year we should do 20 to 30 Crores additional and this is the value what we will add in railways.

Ankur Kumar: And if I look at this Q3 December quarter there is a big jump in the sales. So can you comment is it like some one-off infra orders that came to us or how should we look about the growth or sustainability of these numbers.

Amit Sheth: See I have been repeating this in this meeting that typically companies like us if you are looking at quarter-to-quarter you will see a lot of ups and downs, but if you are looking at three years we will have an average jump of 30%. Now this quarter jump is purely because there are some infra projects we are executing or we executed this quarter. But same thing we are executing in current quarter also there must be some execution that might happen after post March also or it depends. So what I request investors is not to see quarter-to-quarter results, but to see total consolidated results of three years and we are very bullish that coming three years if you see the average jump will be 30%, but maybe on the second year the jump is 100% because one large order has come which has changed the balance sheet. So this is how we foresee it and this is how our business is.

Ankur Kumar: Sure sir. Thank you and all the best.

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

Sachin Shetty: Thanks for the opportunity and congratulations for good set of numbers. Sir, just now you say that we have six verticals of lighting business and each business can grow 100 Crore of each business, the vertical you said that railway, retail so on. So my question is to you how much CapEx we have done in this technology point of view. For the technology we have in your previous statements you said that we have invested lot of money in technology. So how much CapEx do we have done for this current year.

Amit Sheth: I do not have the figures up front I am really sorry for that. So technology investment is a process it is a day-to-day process which we are into. Please understand we very strongly believe that day we would stop innovating, the day the growth dies. So innovation and investment is a heart of the business and we cannot run away, sorry, if you guys have misunderstood that we have already done the investment and we would not be investing now I have been very, very clear that we will be investing on new technologies we will be investing on new product designs on new verticals. Infrastructure investment is already in place and we do not need to invest on infrastructure, but I do not have the exact figure probably 25 Crores, 30 Crores we would have invested when we set up this factory and it is still continuously going on. There are a lot of upgradation happened then for example we went for SAP. Now we are going for, we are taking complete 100% computerization of our stock. So there is no manual feeding and manual removing of stock, computers will bring the stock down. It is like saving on human time we realized that we waste every day two hours of man time only to remove next day's production from the warehouse and today we are investing huge, we just took a decision and that okay we want to save this two hours and we want to use it for manufacturing, we want to make it lean. So we are investing on a computerized system wherein a computer you just feed that okay I need one product and complete bomb will come out 500 pieces. So the computer will take out which saves so much of human time searching for each and every small part, every product has got 25-30 parts, to search those 35 parts in a warehouse is a task bring it down is a task. So yes. those type of innovations requires money and those type of Capex investment will come in day-to-day and we as a company we are very, very aggressive, very proactive and we do not even think twice there are very few companies who invest on this type of systems, but we do not shy away from it. So yes, Capex investment is going to be there and it will be regular but currently we do not have to borrow money. With the profitability, with the turnover, with the investment that has come in our company, so we do not have to borrow it we are able to get approvals we are able to get money from our business itself.

Sachin Shetty: The second question is so is there any plan to enter in the clean room fittings and flame proof fittings because the clean room fittings the end application is pharmaceuticals and the Havells, Phillips, Wipro they are the leader in this business. So what is our exact plan for this business.

Amit Sheth: No we have no plans to enter into a clean room fixture there are a lot of companies doing in India and it has become almost a commodity right now and we do not foresee to enter into that industry as of now. We have enough on our plate and those are not high value also for us.

Sachin Shetty: Your earlier remarks you told that we have some patented products. So which were that patented because all are…

Amit Sheth: Sir, I requested a lot of investors waiting with question and as she requested two questions at a time that would be great because otherwise it will be never ending. So just to answer your question because this might be a question comment for all. We do not have patents, there are companies who have invented, who have on and got patents, we have got exclusivity for India or Asia. So we invest with them on their technology we get those technologies in India and we take exclusivity with them.

Sachin Shetty: Okay thank you.

Moderator: Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.

Akshay Kothari: Thanks for the opportunity. Sir, what would be our current working capital cycle and do we see it improving.

Amit Sheth: Current I think Tarun if you can answer this.

Tarun Udeshi: Yes, our working capital cycle is improving as we said earlier also that we are not utilizing any finance as of now we are utilizing our own money to meet up all the raw material requirements or paying up the creditors and all. So, yes, definitely it is improving and once we publish our balance sheet you will be able to see that improvement in the balance sheet also.

Akshay Kothari: As on September what was the working capital days or even the cash conversion cycle if you can give a sense of that. I also have a second question. Sir, in terms of employee strength I do not know if I missed the opening comment. So could you just highlight something about management as well as employees you also alluded to our designers, which we were not able to get earlier when we were of small size. So now that we are big how many designers do we have on that part.

Amit Sheth: I will answer this question till that time Tarun you can just answer the first question. So all put together we have a roughly strength of 250-odd people. Please do not catch me on the exact number, this is a rough figure, I am getting plus or minus 10% to 15%. Till design is concerned we have designers who are exclusively working with us for product designing from we have now three designers in Germany, one designer in Belgium who are working on product development with us, we are planning to have one more designer on board because this year we are investing very heavily on product design. We have in-house designers, we have currently 4 in-house designers who works only for product designers, we are also into electronic manufacturing which is also a new vertical which we have started so our dependency on outside companies goes down because every lighting product needs electronics and if you are selling let us say 30000 fixtures a month we need 30000 electronics and that is something that was a big outflow so we have managed to manufacture 50% currently with us, we have two electronic designers, we have two PCB designers with us, we have 2 3D designers working with us and we have a robust sales team all put together 15 to 20 people currently working on this business. I hope I could answer this question.

Akshay Kothari: Yes, that is great. I have some more questions I will get back in the queue.

Tarun Udeshi: So working capital was 106 Crores as on 30th September.

Moderator: Thank you for your answer sir. We will take the next question from the line of Devdeep Sarkar, an individual investor. Please go ahead.

Devdeep Sarkar: Good morning and thank you for the great set of numbers. I have a couple of questions. One regarding sales and marketing and the other regarding traded goods. So I begin with, how is the business generating its sales from the retail brands from the auto companies mentioned before, the airports, the railway projects, how are you selling your products or services to them, is the company executing projects like you have listed on your website or is the company giving them individual lights as per requirements.

Amit Sheth: To make it easy and clear. Every brand, I will just take a brand one or two brand examples so it is easy for all of us to understand. First of all there is an approval states for example Mercedes. So when we started with Mercedes. Mercedes there is an approval that has to come from Germany their designer sitting in Germany they have to approve our product in terms of technicality, in terms of safety, in terms of certifications, in terms of product design. So if these four elements, if we are able to or if we are not uploading any of those elements then we have to change it and we have to give it to it. When you go to companies like IKEA they do factory audits, they come to a factory, they do factory audit, they see how we treat our workers, they will have one-to-one discussion with our workers they will do audit not only work, they will do other types of audits also. So that process goes for 621. Once you are approved and once everything is in place then we become a supplier to them then it is just a supply chain for us. So we get a planning every month like there are 50 stores or 100 stores like Tata Motors we do every 900 stores a year. So every month planning comes and then we have to just ensure that we are taking care of the logistic part. So we do not have to run for business or negotiations every week, every month or every year no we do not have to do it if there is a design change or in terms of look and feel in terms of technicality then the whole process starts again. So once you are approved you are on board it is the same with railways also once you are approved you supply infra it is more of a spec lock. Spec lock is something like that are lighting consultants in place or architects in place they need products which has got certain quality which other companies do not have everybody has got a tube light just to give an example but they are looking for a waterproof tube light or they are looking for output which is 30% more. So those in our industry we call it as spec lock. So infra works more on aspect log so we work on very tight specification, very high quality. So once it is spec lock, once the brand is specified, 90% end user companies will not deviate from that brand. For example if focus is specified our brand is Plus Light Tech, so if Plus Light Tech is specified by the lighting consultant they will work with our central secretariat for that example. So we are specified brand so once we are specified but we have taken a lot of effort to get ourselves specified in terms of technicality, in terms of certificate. Once everything is specified, yes, we are into that business.

Devdeep Sarkar: That answer my question. That was very satisfactory and very systematic. Thank you very much. I will proceed to the second one. There are two segments dividing your revenue under the segment distribution, a portion from it is coming from trading. Is it the B2C model that you referred to earlier or is it something different.

Amit Sheth: No it is not B2C model so there are certain systems which we do not manufacture, we outsource manufacturing. There are certain products, which are not high value or which we do not intend to manufacture because there is not much of technicality involved but it is a requirement of a project. So no company in the country or in the world does 100% manufacturing or has got everything in-house every product. There are so many requirements which we are not able to fulfill those requirements we outsource it, we brand it in our name and we give it to the end-user. So that comes under training.

Devdeep Sarkar: All right. So could you describe how this traded goods are generating revenue like if you are buying a particular part that you are not willing to manufacture here you are buying it from outside. So how are you generating revenue on it like how is the revenue coming in on that segment.

Amit Sheth: So those products are designed and manufactured as per our specification and we add our margins like let us say as a company we work with 40% gross margin we had those gross margins.

Devdeep Sarkar: I get your point. Thank you. Thank you very much, if I have any further questions I will add up in the queue.

Moderator: Thank you. The next question is from the line of Navin from Bellwether Capital. Please go ahead.

Navin: Thank you for the opportunity. Sir, you spoke about different verticals, could you give me the revenue split say from retail how much you get and from infra projects.

Amit Sheth: Of the total turnover luckily I have those databases, for me otherwise it is very difficult to understand it. But currently retail is 52% roughly, home sector is 13.5% roughly, infra is somewhere around 13.8 and in fact infra is divided into two. So I do not know, Tarun if you can help me with this infra is total 26% or because you have returned one 13.6 and another 13.8 so total made it 26%.

Tarun Udeshi: 10.72% plus 3.65%, so it is 14.37% and this is 0.66 it is 15%.

Amit Sheth: Infra is 15%, right now which is added to the turnover and we have a vertical called tricks which is coming to roughly 18%.

Navin: And could you also speak about the margin profile among these verticals approximately window.

Amit Sheth: We will not go into the depth of it, but retail is somewhere around you are talking about the GP right.

Navin: Yes, gross margin.

Amit Sheth: Yes, GP somewhere is 50% for retail enterprise somewhere around 30% home is somewhere around 60%-65% margin, home and so the BNB technology we say which is a patented one there we have a higher margin of 60%-65% outdoor we foresee outdoor 100% GP we have.

Navin: And how do you see this revenue split three or five years down the line which segment you want to focus on and where do you see growth coming in.

Amit Sheth: See as a company these are the segments we have created and we have invested in all the segments. So it is not that we will be focusing only on two particular segments and not other segments. Our aspiration we see exponential growth coming certainly from one or two verticals, but we see that most of the verticals like in three years' time this vertical should be somewhere our expectation is that they should be in a range of 70 to 80 Crore each vertical, our target is 100 Crores each vertical we should have that is what our aspiration is and which is quite possible and sustainable.

Navin: And you also spoke about exports contributing 20% is it done under your own brand or you do it for somebody else.

Amit Sheth: No we do not do OEM business right now there are a lot of companies who have approached us for OEM business, currently Panasonic has come in. We are not right now interested in doing OEM business. Whatever we do, we do it in our brand we are very, very sensitive and emotional about our brand.

Navin: Thank you sir that was helpful I have a few more questions I will get back in the queue.

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

Ashish Rampuria: Thanks for the opportunity. A couple of questions, you just mentioned 70 to 80 Crores you see for each of these verticals over next years. Are you talking about the four verticals, are you talking about the seven verticals.

Amit Sheth: We are talking about retail, home, railway, infra, IoT and tricks, six verticals.

Ashish Rampuria: Secondly sort of we earlier had a sister concern where we were buying and selling I think it was outside the company, I think the promoters, is it merged now or is it not merged.

Amit Sheth: It is merged.

Ashish Rampuria: My quick last question I think on the railway front. See I understand on the infra part that we end up dealing with L&T's and sorts of the world so by and large still private sector entities. So there might be issues around cash flows, but by and large we need not manage the system. From a railway perspective do you see that as a challenge given it is a PSU and some of the dealings might not be as transparent and you called so forth what has been your experience and how do you foresee that.

Amit Sheth: Thank you very much for the question. So first of all with private companies like GVK, GMR, L&T they are paymasters their payment terms is six months but they have something called L&T Finance where they finance is once you supply within seven days they clear the payments. We have to discount it and we get our payments clear. Tarun correct me if I am wrong if it is not 7 days and 30 days. So they are paymasters there is a lot of meat that Reliance is not a paymaster, our company service because we get our payment flat in 28 days. Now coming back to railways, railway everything is on a GeM portal right now. So everything is standard once your price are approved we are supplying it and railway why we do not see cash flow crunch when it comes to this company is because the railways if you have a purchase order of railway any bank in India will discount only railway purchase order by 98% and give us the money.

Ashish Rampuria: And do you think that, that is the standard industry practice and it happens very well.

Amit Sheth: That is only for railway. So if I have a infra project in hands for example let us say if I have a airport project in hand bank will not discount against the purchase order, but railway Government of India I do not know what is the norm, but Government of India is a fixed mandate that against the purchase order any bank has to discount it 98% of the money will get it and highs.

Ashish Rampuria: So you are saying for infra projects we have the respective NBFCs paying you, you are sort of discounting that and for railways you are not worried because by and large the banks will discount and pay you upfront. So the cash flow will not be a problem.

Amit Sheth: No.

Ashish Rampuria: Got it very interesting point. Well last question wanted to sort of always understand this. So when we say we focus on innovation, we focus on technology. What exactly which part are you are you talking about are special LED lights, or new forms of lighting, or is it more perfect design perspective.

Amit Sheth: It is a combination of everything, it is not just one element, it is not just. So it depends upon the industry-to-industry. For example industry like home we do not have to focus on efficiency. So the power is not an issue because home lighting the trade works from 7 to 11 or 12 hardly any electricity consumption then it is more about the esthetic value that it is more about comfort, that it is more about health. So we focus on this three parameters health, which very few people know that lighting can affect health also. Today our major business today we have been becoming successful and our growth is coming in home lighting especially because we are focusing on health. So it depends upon purely on vertical for example for retail, retail is all about for a retailer if we can reduce the quantity of fixtures, by making fixtures more efficient they are very happy to work with us. For a retailer if the fixture is working for five years if they do not have any problems of area they are very happy to work with us.

Ashish Rampuria: Our is currently innovation then focuses on these aspects is that what you are saying.

Amit Sheth: To make sure they live long last again so please understand it depends from a vertical-to-vertical in which vertical we are working. So based on those verticals our innovation, our technology will change and whether it is a form factor, whether it is a design factor, whether it has to be more efficient, whether it is to be aesthetically beautiful, it will depend on the vertical we are working on.

Ashish Rampuria: One last question is in you mentioned you have 80K square feet capacity and sort of space and we are doing only 40K square feet right now. So if I assume a broader 800 if you use the entire space, what is the maximum throughput that you can get in terms of Crores and even a range is good from that current manufacturing facility.

Amit Sheth: Can I be very honest with you.

Ashish Rampuria: Yes.

Amit Sheth: It can go against me, we will be using all 80000 square feet we can reach up to 500-600 Crores we have to generate that business. As a promoter one thing is very clear that we invest money where we get dividends. Normally there are a lot of investors who come and asking, but we have to generate that business and that generation of business takes a lot of effort in our case because we do everything from scratch.

Ashish Rampuria: Noted thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Devdeep Sarkar, an independent investor. Please go ahead.

Devdeep Sarkar: Thank you for the opportunity. This is the first time I am doing this and I am trying to understand the business. So looking at the past we know that the COVID had an impact on the company, but before COVID began the Y-o-Y sales had dropped about 16% what led to this what happens in this economy that we use to such a sales contract.

Amit Sheth: It is a cycle right so any business there are cycles like from 2005 if you look at our company I think the first turnover in this company was 3-3.5 Crores. We were stagnant between 13 Crores and 16 Crores for two to three years then the growth again started. So every year we have a sales review meeting and when we were 16 Crores the team said sir we want to do 40 Crores and I said guys please do not joke, and we managed to do it then touching after 40 Crores we were again checking for one or two years then we wanted to touch 100 Crores milestone we were 90 Crore and everybody was 90 or 99 Crores and we were all disappointed we could not tell them as kind of 100 Crores. But once we touch 100 Crore we were again stagnant for one or two years. So see we are into project business and I kept repeating if you really want to look as an investment in focus you have to look at long-term and not short-term people who are looking for three months quarter-to-quarter or people who are looking for one year they should not invest here and yes I do not know whether any promoter will talk this, but I am just being very honest and blunt. What we foresee is that yes there is as a growth and minimum average growth is what we are looking for is 30%. But there will be time where we grow like this year we are growing by 70%-80% but you cannot have 70% to 80% growth for 10 years, but average 30% is yes, it is achievable and we will grow and with the same pack we will grow. Sometimes there will be ups and downs in the industry which will come there are a lot of like COVID my balance sheet was in red it was the first time experience for us and we thought everything is negative, but we bounce back because amount of investments what we did it was end shifting from one vertical we started as a retail when we brought our IPO in SME somebody said there your IPO was very small and you have got some 4 Crore, it was a 4 Crore not 5 Crore IPO we were only a retail lighting company and we never envisage that we will go into so many verticals. So the dynamics of business also keeps changing today the dynamics have changed tomorrow what we have and where company will focus on also we do not know. Yes, that has been a constant growth, our track record has been very, very good in terms of good average we have given is 25%-30% growth year-on-year, if you see our past history and this is what we are seeing we will maintain it and as a company we do not want to jump to one turnover and then fall down or not able to sustain it. It is baby steps are always better than jumping here. We do not want to be Adani.

Devdeep Sarkar: Absolutely and that answers my question. My next question would be, would you describe the business as an asset light model.

Amit Sheth: Would we describe business as what.

Devdeep Sarkar: Asset light model.

Amit Sheth: We are a lien company like if you look at the turnovers and the amount of investments what we have done it is the ratio is nothing it is an asset light company in terms of manpower, in terms of infrastructure, we have invested on infrastructure but it because we foresee but as such if you see it is an asset light company.

Devdeep Sarkar: Thank you so much and wish you all the very best.

Moderator: Thank you. We have the next question from the line of Aditya Mehta from GK Capital. Please go ahead.

Aditya Mehta: Hi, sir. Thanks for the opportunity. Just wanted to know from the current capacity that we have. How much of the maximum revenue potential is there.

Amit Sheth: Sorry come again.

Aditya Mehta: From the current capacity what is the revenue potential that we have from 40000 square feet that we have mentioned.

Amit Sheth: Up to 200, 250, 300 Crores I do not see any problem. See honestly if you ask me it is how we manage it, how smartly we manage it. So there are system like just to give an example we were using today at this turnover we were almost using 30000, 40000 square feet for warehousing. So by investing 1.5-2 Crores on this computerized system we will be doing it in 2000 square feet. So it is a very wrong perception how smartly we want to do it and how smartly we want to conduct our business, how innovatively we want to do it and whether we have the vision and whether we have the appetite to do it. So the biggest problem in our country is people shy away when they have to invest on all this. As a company we do not shy away we look into it trust me what we are doing today we can do it same with if we really work efficiently and smartly we can do it with 30000 or 20000 square feet also.

Aditya Mehta: Got it. So ideally our fixed asset turn ratio is quite high around 15 to 20 time if we can say that.

Amit Sheth: Yes, today we are working in only one shift. We are just working in one shift, we can work in two shifts and we still do not need to invest on the balance 40000 square feet in terms of manpower, in terms of there is so much of infrastructure cost at the end of the day we are working for profitability and so what we look is we do not want to shy away from investing on systems on infrastructure which can actually help us to keep ourselves lean. We can be very proud to say okay we have manpower of 500 or 1000 people, but can we say that the same thing what 1000 people can do we can do it with 150 or 200 people that is the whole idea and done it. Running cost people do not see and we have been successful because we would able to save for company's running cost, OpEx is something which company shy away with.

Aditya Mehta: And my second question is you mentioned that 70 to 80 Crores from every six verticals within next three years. So are we looking at 500 to 600 Crores of turnover in next few year.

Amit Sheth: If those total comes to that figure yes we are looking at it.

Aditya Mehta: That is it from my side. Thank you sir and all the best to you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Vastupal Shah for closing comments. Over to you, sir.

Vastupal Shah: Thank you. Thank you for joining the conference call of Focus Lighting & Fixtures Limited. If you have any queries you can write us at Research@kirinadvisors.com. Once more many things to management team and participants for joining the call. Thank you.

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