

Date: 19th February, 2024

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 ended 31st December, 2023.

Ref: Intimation of Earnings Conference Call dated 14th February, 2024.

In furtherance to our Intimation of Earnings Conference Call dated 14th February, 2024 and pursuant to Regulation 30 read with Para A of Part A of Schedule III 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 ended 31st December, 2023 on 17th February, 2024, is enclosed and is also available on the website of the Company and can be accessed on the following link:

<https://www.focuslightingandfixtures.com/investors/soaiim-fy-2023-24/>

Kindly take on record the same.

Thanking you,

Yours faithfully,

FOR FOCUS LIGHTING AND FIXTURES LIMITED

AMIT VINOD SHETH
MANAGING DIRECTOR
DIN: 01468052



“Focus Lighting and Fixtures Limited Q3 & 9M FY24
Earnings Conference Call”

February 17, 2024



**MANAGEMENT: MR. AMIT VINOD SHETH – MANAGING DIRECTOR
MR. TARUN RAMESH UDESHI – CHIEF FINANCIAL
OFFICER**

**MODERATOR: MS. CHANDNI CHANDE, KIRIN ADVISORS PRIVATE
LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Focus Lighting and Fixtures Limited Q3 and 9 months FY24 Results Conference Call hosted by Kirin Advisors.

As a reminder, all participants' 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Over to you, ma'am.

Chandni Chande: On the behalf of Kirin Advisors, I welcome you all to the Conference Call of Focus Lighting and Fixtures Limited. From management side, we have Mr. Amit Sheth – Managing Director and Mr. Tarun Udeshi – CFO.

Now, I hand over the call to Mr. Amit Sheth. Over to you, sir.

Amit V. Sheth: Very good afternoon to all the investors who have joined this call. And I hope you guys have all got the Results.

But just to brief, we have done Rs. 37 crores for this quarter with an average PAT of Rs. 9.6 crores this quarter. As compared to last year, it was Rs. 61 crores odd and PAT was Rs. 10.6 odd crores. This time, instead of just going onto the question & answers immediately, what we will do is there are a lot of happenings in our company and I would like to divide it if everybody is okay. I would like to divide it into 2 halves, wherein we will just brief you first what we are doing, where we are heading to each segment-wise, which will give a lot of clarity. That can be the first half. And in the second half, there can be a question & answer, or we can immediately start with question & answer whatever everybody is comfortable with.

Kirin Advisors if you guys can advise if we can go first I just brief on vertical-wise and explain what is going on, and then go on question & answer. Is that fine? Or investors will prefer to have questions & answers?

Chandni Chande: Sir, it would be preferable if you give the brief first.

Amit V. Sheth: Guys, I will start segment-wise without wasting any time because we have a very short duration. And what we are doing segment-wise and how we are growing in those segments, I think everybody is interested in knowing that. I will start with retail which is our core, which is our strength. Retail India was slow for the first 9 months, but at the same time, we had some exciting exposure in retail in the Middle East and in Europe. I will first go with that. As far as the Middle East is concerned, we were mainly working with 2 brands for large volumes – Centrepoint which is of Landmark Group and Splash which is also of Landmark Group. We have tied up with two



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more brands there, which are of equal size which will exactly help us in doubling the turnovers, which is HomeCentre and Home Box. They have just given the approval and they have started working with us. Also, for the first time in our history, an Italian company called Schweitzer has tied up with us exclusively, and we are now going to be OEM with them. We have signed an exclusive contract where we will manufacture in India and supply it to them worldwide. Schweitzer, just for your information, is one of the largest executors for the retail industry for hypermarkets and supermarkets in Europe. They have businesses also in the US, Canada, and Middle East; out of which the first order is somewhere around 1.8 crores which we have already received and which is on the way under this contract. This is the first time we will be OEM to the Schweitzer Group. On the margin side, in spite of we being an OEM, we are still maintaining our gross margin of somewhere around 40% to 45%, with Schweitzer.

One more thing on the retail side is that we have a very exciting technology that has come in, wherein it will help retailers to save somewhere around 30% to 40% on OpEx, i.e., on the running cost. And we have already started showing them, giving them demos, and we have got a very very exciting response from them. We are further improving that technology to an extent where we will be able to save on OpEx by 50%. This will not only help retailers, but it will also help focus to improve their margins because this is a patented technology where we have invested very heavily and where we are introducing it for the retailers, not only in India but worldwide, especially in the Middle East and in the European markets. And Schweitzer will play a very very important role in this because they have very large volumes. Annual buying of Schweitzer is somewhere around \$2.5 million of lights from the manufacturers. And we expect, at least for the first year, to get \$1 million to \$1.5 million business from Schweitzer. This is the retail part of what we are doing.

On the Home part, we have already executed the Bengaluru Experience Center. We are starting with Hyderabad Experience Center. We are opening one more experience center at Lower Parel, which is the biggest one, which is 4,500 square feet. We have bought the space outright. We will be shifting our office also to Lower Parel in Naman Midtown and that will be the central hub for India, where from all over the country, people will come and look at the technologies that we are selling there.

One more exciting thing is we are opening an experience center also in the Middle East with a company called BMTC. I'll come to BMTC later on because BMTC is not just working with us for retail, but BMTC is also working on very large infrastructure projects with us. So, we are opening in Hyderabad, we are opening in Bengaluru, we are opening in Mumbai, We are opening in _____ 07:12 _____ (Dubai and other four) in the pipeline. Aggressively we are looking in Delhi and Pune. Home is rapidly growing. Next year, we see that it will be almost 50% to 60% of the retail business that we are doing, and that is one of the reasons why we are investing very heavily in the Home sector.



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Third sector is infra and outdoor. I will mix these two because both are interconnected. We did Surat fort. We had given this information last year that we were bidding for Surat fort and we got the order for Surat fort. Because of Surat fort, now we have the eligibility to work on large projects with the government, especially in Gujarat and Maharashtra. Gujarat has got Rs. 600 crores of projects only in the tourism vertical wherein we are bidding for those projects. We are expected to at least get somewhere around Rs. 60 crores to Rs. 80 crores of business this year only from the Gujarat government. These are expectations because we are eligible for the same. And this is very very exciting for us. This will be mainly 3D projection mapping and outdoor lights.

As far as outdoor lights are concerned, we are working on development in-house. We were trading till date. We are working with some European companies and we were trading here, but last year we invested heavily. It is the first time in the history of Focus. What we have done is we have taken worldwide exclusivity with the technology company who has designed and developed this technology which is a very unique one. They also applied for the patent. And we are taking a worldwide patent on this technology. And we have signed an agreement between ODU which is an Austrian company and Focus Lighting, wherein ODU will only supply to Focus and not to any other company around the world. That is an exclusive agreement. The reason for this exclusivity is that because the technology is so unique, this will be very very disruptive for the outdoor industry. And this technology is not available today in Europe, US, or anywhere in the world. That is the reason we have gone ahead and taken exclusivity because we see an exponential growth once we come out with the products for this. Now the question arises is when we are coming out with the product. We have already started designing on the product. We are expected in a year's time, we will be completing the outdoor profile completely and we will be introducing it to the industry. That is what is happening in outdoor and infra.

One more thing. We are the only Indian company. We have got 2 large projects right now. One is local, that is from Tata Projects which we have been already awarded. We are not sure whether it will be done in this quarter or it will go through next quarter, but we have got the purchase order. We are very proud to inform you guys also that we have got Guwahati Airport. It was given to Focus from Adani Group. That is one more development that happened. I am also very proud to inform you that we are the only Indian company to be bidding for Mumbai Airport. This is the only local company who is bidding. There are 3 companies approved; two are European brands and one is a local Indian brand which is Focus Lighting. And the values are very high. Somewhere, the estimated value of the total Mumbai Airport project will be coming to Rs. 40 crores to Rs. 60 crores, somewhere between that. That is phase I. There are 4 phases. It will be going phase-wise. The first phase, they want to execute it by August because they want to open the runway and they want to start with the first phase. So, this will certainly come in next year. This is what we are doing in our completely retail outdoor.

Railways, we were waiting for approvals. We finally got approval for 3 products. All put together, 7 products we have got the approval. So, now Railways is becoming aggressive. We



have also got an approval for a product which was specially designed for Vande Bharat reading lights where they were facing a lot and a lot of issues. And we have designed with the German designer called 2D-3D **(Inaudible) 11:53**, and they loved the technology we have given them. It has gone on to testing purpose. Once the testing is done, then the business will start for Vande Bharat. Today, we are talking about some 700 Vande Bharat over a period of 2 to 3 years' time which the government wants to come out with. So, that can be one single segment where we will be getting large orders once the approval processes are done. This is about railways. Railways, also we have got approval for the regular product line. And by April-May-June, we will have approval for most of the products with Railways. Now, we will be able to get large volumes for Railways. This is the third segment.

Last but not the least, trade. We were never a trade company. I have always maintained that we are a project company and we don't have anything in our DNA to do trade, but since trade is a very large volume, typically with companies like Philips, Syska, Havells what they do. And we were seriously thinking how we can disrupt this industry and what we can bring something on the table where we can have with our limitations; and with our very small amount of network, how we can still capture the market here. We have identified one company and that company we consider as apple of trade. They have a lot of disruptive and excellent technology which we were amazed to see the amount of thought process in product design technology which has gone into each segment and how far they can compete. We are seriously discussing with them. I am not able to say that how things are going forward, but if all goes fine, then we will be acquiring those companies and we will be into trade business also.

These are our overall 4 verticals which we have been focusing on. And I will now take questions and answers from each individual.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please proceed.

Parikshit Kabra: Sir, I just wanted to understand first, you mentioned that Schweitzer was a \$1.5 million business that is possible in the first year. When you said that, was it in terms of dollars? Was it in terms of number of lights? And if it is in terms of number of lights, then can you give it a dollar value?

Amit V. Sheth: What I meant was they were working with some manufacturer who was an OEM to Schweitzer and their total purchase is somewhere around 2.5 million USD. And this is an estimation what they have given. And today, the contract is over and they have appointed us as their OEM. It always takes some time where you can reach the 100% value. That is the whole idea why we said that it will be somewhere between 1 million to 1.5 million for the first year, and that is in USD.



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Parikshit Kabra: And when we say year, are we talking about this financial year or next financial year or calendar year?

Amit V. Sheth: The contract is just signed. So, it will be next financial. But we have already executed. This is an estimation what they have given us. But to back it up, they have already given us the first single order for the single store where the single store is tuning to somewhere around Rs. 1.6 crores to Rs. 1.8 crores.

Parikshit Kabra: Sir, I just wanted to understand if it is possible for you to share the revenue split between these 4 verticals – Retail, Home, Infra, and Railways for this quarter.

Amit V. Sheth: That we will share it later on if that is alright with you. We will send it by email to you guys.

Tarun R. Udeshi: It is already there in the investor presentation. We have already shared it.

Amit V. Sheth: And it is already there in the investor presentation. And honestly, I don't have the numbers in my mind.

Parikshit Kabra: I have not seen it in the investor presentation. Maybe I missed it, but please do send it over email. The same confusion happened last time as well, but that's fine. And lastly, you said that Gujarat also you are expecting Rs. 60 crores to Rs. 80 crores worth of business. Again, this is for the next financial year?

Amit V. Sheth: Yes. Surat fort is just completed from our side. We have to give them a completion certificate. So, now we are eligible to bid. Until last year, Focus was not eligible to bid for such large infra projects with government because government you need eligibility and the eligibility comes in terms of experience, company's turnovers, and single order turnovers. All this has been done thanks to Surat fort what we executed. And because we are working very closely and we have been meeting them, they have a total Rs. 600 crores for this year in pipeline, and we are expecting that at least we will get somewhere around Rs. 60 crores to Rs. 80 crores.

Parikshit Kabra: Between the Mumbai Airport and Guwahati Airport, next financial year for infra vertical should be quite a big jump. Would that be a fair assessment or maybe not all of it would happen next year?

Amit V. Sheth: You are absolutely right. Our focus is on infra. Even what we are doing it for Gujarat government, that also comes under infra. Infra, you know what is the growth in our country. There are no more than 16 airports in our country. They have come out with 2 airports and both the airports we are the frontrunners. We have got one order already we have been awarded. Mumbai is a big chunk. It will be going on for coming 2 to 3 years' time because it is done in phase-wise, and it's one of the largest valued the industry will see. The first phase is itself somewhere between Rs. 40 crores to Rs. 60 crores. There are 4 phases of Mumbai Airport. You

can understand what the value we are talking about. First phase will be executed in the next financial year because they want to open the runway. And we are the only Indian company. So, infra, yes, it is going to grow. Infra in terms of metros, in terms of bullet train stations, in terms of airports, in terms of townships, urban areas, gardens, parks, 3D projection mapping – those are the areas. We are just not focusing only on airports and railway stations. What we are focusing on is development of urban areas. For example, we are now doing a development for smart poles where government gets a lot of information. If somebody is breaking the law in terms of overspeeding, in terms of lane cutting, if there is an accident, real time information to the government. Those are the areas where we are working. Smart cities. It's a pet project of PM Modi. And in smart cities, you need this type of smart poles where you get real time information of traffic, and all this information comes through the light poles where all this information – there are cameras, there are sensors which give all this information to the government in real time. This is an area where we are working. But those areas, yes, it probably smart poles and all we are developing it will take another 1 to 1-1.5 years and then we will be pitching for it. But currently what we are doing is more facade and landscape.

Parikshit Kabra:

On the Railways, with no fault of the management, the process with the Railway approval is taking its own sweet time. But this time around, it seems like it's a lot more in control. Are we a lot more confident that next year, our Railways business will just now....?

Amit V. Sheth:

Now, we have got approvals, and they are really looking at us as a serious player. Railway, of course, the procedure is very lengthy, very complex. Also, our interest was that we don't bid into the product where there is a price war. We are not a company to bid for price war. And the volumes are very large with Railways. Our intention was that we introduce certain technologies in railways, which will take a little more time than expected. But if they approve those technologies, then we have a sort of monopoly with them for a few years. For example, Vande Bharat, the company who designed Vande Bharat is the only single player today in the industry, who is supplying it because no company has it. But otherwise, if you see in Railway like other old trains, there are 16 players or 20 players who are supplying the same light. Everybody is fighting on the price approval and all those things. That's where we come in. And this was the first project where we said that okay, we will design, we will develop, and we will incur cost because the Railways is not doing it; we will take all the risk. The risk was nominal.

Parikshit Kabra:

But there was a 2-level approval, right? One where we can only bid for 10% or 15% of the bid value. And then if we get fully approved, then it's 100%. Are we now in the fully approved list?

Amit V. Sheth:

Currently, for the regular products, yes, 7 to 9 products, we have got fully approved. So, now we can bid for 80%. Twenty percent was for development vendors and 80% was for the approved vendors. But when you are developing exclusively something for Railways, then this norm does not come into picture; you are supplying 100%.

Moderator:

The next question is from the line of Yashwanti from Cogen Finvest. Please proceed.



Yashwanti: I just want to understand what would be the size of our airport contract in terms of the financials?

Amit V. Sheth: I already gave the value. Guwahati is a small airport where our value was somewhere around Rs. 8.6 crores or Rs. 8.8 crores. Mumbai Airport, the first phase value is somewhere between Rs. 40 crores to Rs. 60 crores. Why I am giving you 2 figures somewhere between Rs. 40 crores to Rs. 60 crores is because we are still in a bidding process. Once everything is finalized, technical everything is approved, quantities are approved, then the final figure will come. But today, the estimated figure is somewhere between Rs. 40 crores to Rs. 60 crores.

Yashwanti: And that could be an upper band?

Amit V. Sheth: It's phase I. Mumbai Airport what we are bidding today is phase I. There are 4 phases in Mumbai Airport. Normally, not all the phases will be so big, but somewhere we are expecting that the overall lighting project will be somewhere around Rs. 150 odd crores if you take very pessimistic figures.

Yashwanti: Similarly, I also wanted to understand in case of the Railways. We are the approved suppliers of few of the trains. We are also bidding for the Vande Bharat trains. Over a period of 2 to 3 years, what kind of opportunity do you see in terms of numbers on the Railways side?

Amit V. Sheth: Railways, the only hiccup is that the processes are very very complex and time taking. Once we are approved, we see that at least it will contribute to, if not anything more, but 20% to 35% of the value of Focus in the coming 1-1.5 to 2 years' time.

Yashwanti: Sir, initially we used to supply in the Middle East. How are we expanding our presence in some more regions in the overseas market?

Amit V. Sheth: In the Middle East, we have tied up with a company called BMTC. BMTC is one of the largest groups. They are not only into lighting but a lot of other services also. And lighting is one of the important verticals of BMTC. BMTC does large infrastructure projects. They have taken a very valuable order for Saudi Airport which is running into, I think, 9 million USD or something like that. And we are the first Indian company where they wanted to tie up with us. They are opening an experience center in Dubai for which I am going to on Sunday and finalizing that. They are going to invest; we are not investing. And they are also opening an experience center for Focus in Saudi because in Saudi, the infrastructure growth is phenomenal. It's like in the coming 10 years, it is India and Saudi I feel where the real growth is coming from. I consider this as the right thing at the right time. The major chunk of retail business was coming from Saudi through us. In Saudi, because there are a lot of local players in retail, where we were not able to service, now because the BMTC has got their own office and experience center, we will be able to service them. Not only that, but because we are becoming very strong in outdoor lighting – they have already introduced one set of outdoor lights and we have got a fabulous response – and after looking at we participated in Dubai exhibition Light Middle East, that's why BMTC said that



“We need to work with you guys and we are amazed to see the technology what you guys have.”
With the infrastructure growth in the Middle East, especially in Saudi and we doing the development in outdoor with the technology that we are proposing, we should get a sort of monopoly and with their connections. They are one of the largest groups in the Middle East. It's very big and we are very excited how things will shape up with the support of BMTC.

Yashwanti: Sir, you said that we were also spending a few chunk of rupees in developing more of your experience centers in various parts of the country. What is your planned CapEx on this? And when they would be operational?

Amit V. Sheth: You are talking about Retail?

Yashwanti: The experience centers which you are talking about, that you are planning to open a few experience centers in India.

Amit V. Sheth: In Bengaluru, we are opening it this month. By end of the month, we will open it. In Lower Parel, we have just bought the property. It is on outright; it is not on rent. To reduce the cost, what we are doing is we are working very smartly in this industry. To reduce the cost, what we are doing is when a designer comes – architect or interior designer comes – normally he is not just looking for lighting. Whether he is building up an office or whether he is building up a home, there are a lot of other services required. Automation is required, windows are required, a lot of things are required. So, what we have done is we have tied up with 2 other brands. They are not competitors to us but they complement us. One is an automation company and one is a window company. Wherever there is an office space or a home space, you need windows and you need automation for high-end lighting. They are complementing each other and they are reducing our cost. And this is a tie-up which we are taking to all the places in India. So, in Hyderabad also, we had the partnership with them; Lakshmi when we opened, we had partnership only with Window. We were sharing the cost because those were all lease agreements, and our cost goes down. Even they shared the cost on CapEx. Whatever the design cost, interior cost what we incur, they share the cost with us. So, our cost is reduced by 40% to 50%. Balance is being borne by the 2 companies. To give you a ballpark figure, average cost comes to 1 crore to 1-1.5 crores depending on the size of what we are identifying and we are doing it. But it is not affecting our balance sheet purely because we have 2 more partners and the biggest advantage that we get is everybody has got a certain wavelength and connections in the industry. We are comfortable with 10 architects. They are comfortable with another 10 architects. But when they come in, they introduce each other. Just to give you an example, these Window guys were working with a company called Garnet. They are doing 600 hospitality projects in India. We don't know them. They introduced us. And with their help, we did the first execution for Reliance hospitality business in Jamnagar. It was of high value and very profitable for us. We had almost a gross margin of 70% to 80% on that project. But this is how the synergy works and this is where the collaboration works. And it's a win-win situation for all the 3 companies.



Yashwanti: Sir, what is your planned spend on the marketing and the branding of the product probably for FY24 or probably for the next 2 years?

Amit V. Sheth: Mainly, we don't need marketing when we are working B2B and we are a B2B company till date. There is a set of architects and interior designers where we send them regularly updates. We invite them for cocktail and dinner parties every fortnight; we do on a regular basis. And the idea why we are opening so many experience centers is we wanted to test waters first in the Home segment – whether we can build a brand in the Home segment, whether companies will appreciate the technology that we have, and whether individuals will appreciate it. Once we got that confidence, now we are going very aggressively this year opening 4 to 5 experience centers; we will become the largest players in the Home segment. Today, we are doing who's and who's homes in this country. And they are of high value. They are not low value. We don't do a ticket size of Rs. 5 lakhs and Rs. 10 lakhs. Our average size is somewhere between Rs. 15 lakhs to Rs. 1 crore. That's the average size of what we are doing. Now, if we do 100 homes with the type of infrastructure that we are developing, that itself comes to somewhere around Rs. 40 crores to Rs. 50 crores business. It's just 100 homes which is not a task. So, we are looking at those ways and that is the reason we have been investing very heavily. In terms of marketing, we are going very aggressively on social media. We have appointed a professional agency and we are going ahead with them. We have just started with social media marketing. LinkedIn, Facebook, Instagram – those are the platforms where we are doing it. We are also doing a lot of podcasts for laymen to understand what are the do's and don'ts. So, yes, we are working very hard on that. There is a separate team who is working hard on that.

Yashwanti: Sir, what is your experience participating in exhibitions like Acetech?

Amit V. Sheth: It's a brand building exercise. I would not say that it turns out to be revenue immediately. No exhibition gives revenue overnight. But the exhibitions are brand building and you get profit over a period of time. Your presence, your technology should be shown to companies and individuals. And the best medium is exhibitions like Light Middle East, we participated after 4 years and we tied up with BMTC. They got confidence in us. Acetech when we did in India, we had gone all out doing Acetech. We had invited some 60 designers on company's cost to come and stay here and to experience what we are doing. We had a gala evening with them. The whole idea was that we found that wavelength we have. It's a PR activity, honestly. And it gives trust. The whole business is on trust and confidence that this company can do it. If you give them a job, they will execute in a fine way, nicer way; we will get service from them. And that is what we are trying to do. So, exhibitions are to make it easy. Exhibitions are very very important for us. We won't be doing exhibitions every year. We will be doing alternate years because we are not traders. We manufacture, we design, we develop technology. Every 2 years, we are able to introduce some new technology – it's not possible that every year we will be coming out with some new technology – it takes some time. So, next year, again we will be participating.



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Yashwanti: And one more question I just want to understand like how much time normally it takes for a company to develop any new or innovative product? And can you just elaborate on your launches which have been done in the last 9 months?

Amit V. Sheth: How much time it takes for a company to develop a new product? It purely depends on where we are starting. If we are starting from scratch, developing from optics to a complete product, it might take 1 to 1-1.5 years' time or sometimes even 2 years. Once optical technologies are developed and electronics are developed, it might take 3 to 6 months. So, the rollout is fast; the first program takes a lot of time. Like outdoor, we started last year; it's almost 1 year, and we will be introducing this year. So, it's approximately 1-1.5 to 2 years. But once we roll out one program, then other programs, it becomes much more faster because we have learned from our mistakes and we know what we are doing. It's easy because everything is organized now. The infrastructure is there; we have to just develop it, go for tooling.

Yashwanti: I think whenever we develop any new product, is there any certification or any authorities from which we need to get it approved? How is the process for the new product development?

Amit V. Sheth: The whole professional industry is working on certifications, and that's where we get a very big advantage. We have our own NABL accredited lab. So, most of the tests we can do in our factory and it is approved all over the country and even worldwide, except for the US, because it's an NABL accredited lab. So, whatever certification we produce, it cannot be challenged. There are certain special certifications, for example, when we are doing business in Saudi or Kuwait or in the US, then you need some special certifications like UL, SASO, KUCAS and those certifications we anyway get for our products. Whenever we design any new product, we ensure that all certifications are in place. Any government jobs if you don't have the certification, you will not be able to bid also. And certifications are expensive and it's a tedious process.

Moderator: The next question is from the line of Mohit Jain from Hexagon Assets. Please go ahead.

Mohit Jain: I have just one question about this company, Focus Lighting. I guess it's based in the US. Is it true? Our company name is Focus Lighting and Fixtures. But there is a company named Focus Lighting. It has got an Instagram page as well.

Amit V. Sheth: It may be some different company. I have never looked at it. I am really sorry about that.

Mohit Jain: What I am guessing from here is, Y or planning to take the company global, there will be a name issue because there are 2 Focus Lighting companies. Do you have any take on this?

Amit V. Sheth: Our name is registered. Focus Lighting and Fixtures is a registered company. And wherever we go, our brand is also registered. We were not getting Focus Lighting way back when we started in 2005; we were getting Focus Lighting and Fixtures. That is the reason we registered as Focus Lighting and Fixtures. So, we don't have any issues.



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- Mohit Jain:** One last question. Most of your brands are sold or marketed by the name of Plus or Focus.
- Amit V. Sheth:** Focus is the holding company. We have 3 brands under Focus. We have Plus, Trix, and L&B.
- Moderator:** The next question is from the line of Anand who is an individual investor. Please go ahead.
- Anand:** Sir, I have been attending your con-call for the last 2 quarters and what I learned from it is that your revenues are actually decided by the projects you sign up in a quarter. I would like to know, is the home lighting business an exception to these things? Because, when I look at your Q3 investor presentation, the number is shot up from Rs. 8 crores to almost Rs. 28 crores, almost 3.5x. Can we expect this number to be shooting up from here or is it a one-of-its-kind thing?
- Amit V. Sheth:** There are different businesses that Focus is doing – Retail, Home, Infra, and Outdoor. When it comes to Retail, we have a certain pipeline where we are assured that there is a steady business we get. We have an idea like this quarter, Reliance is giving this much business or Tatas are giving this much business, Madura or Arvind, whatever, or automobile industry. When it comes to Home, we started way back in 2019. And the reason why we were heavily investing in the last 2 years, the CapEx has gone only in Home in developing new technologies and in developing new products for Home vertical because there is a huge potential. And Home is a complete unorganized industry in our country. Large players don't give technical products; they give commodities. Companies who give technical products, they are all European brands. They are 3x to 4x as compared to Focus in terms of pricing. The idea and the reason why you see growth is purely because of the amount of expansion that we are doing, amount of traction that we are getting because of our technology, and because of these two, we are now going aggressively in opening experience centers. These numbers will keep growing over a period of time. Today, we don't even have 0.1% of the market share in Home. I am talking about the overall Home industry in terms of the segment where we are, which is middle class, higher middle class, and rich class. There also, we don't have even a percentage of the total market share. So, there is an immense potential in what we see in Home and if we can expand this way aggressively; every year, open 4 to 5 experience centers, go to tier 2 cities where the money is – the real money is not in cities like Mumbai, but the real money comes from areas like Surat, Ahmedabad, Chandigarh, Hyderabad, Guntur, and Visakhapatnam. Those are the areas. But you don't need it everywhere. For example, if you have Hyderabad, you can cover complete Telangana and it's fine. It doesn't matter. People will come and buy from there. People will come for the technology there. That's how we are planning. We open it in all the cities, at least tier 1 and tier 2 cities. We cover those tier 2 cities, and then we are looking at a vertical which is becoming very strong for us, which will take 3 to 4 years' time.
- Anand:** One more quick followup question on the home lighting front. Should I see this business as something like I go to a local shop and buy, let's say, Philips or Havells bulbs? Is it that kind of business or do you sell your products only through some designers or any....?



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- Amit V. Sheth:** I very clearly specify that there are 2 types of businesses. One is what Philips, Syska, Havells all those companies do it. We are not into that business of bulbs and battens and tube lights. We are into professional technical lighting. And where we get traction is people who understand lighting – professionals like architects, interior designers, lighting consultants – people who are worried about their health; what are the negative effects of light on human health; they talk to us. We say we have a patent. What patent do we have? We have patents wherein LED.... A very few people know that LEDs can have a negative impact on human health. And this is where we come into picture. The traction is not because our fixtures are beautiful. The traction is because we take care of this area. Why we are called a technical lighting company is because of this strength of ours.
- Moderator:** The next question is from the line of Devdeep Sarkar who is an individual investor. Please proceed.
- Devdeep Sarkar:** I had a discussion regarding the receivables. Mr. Tarun, could you please take this?
- Tarun R. Udeshi:** Yes, please tell me.
- Devdeep Sarkar:** Last time, we saw the receivables at around Rs. 52 crores and payables at around Rs. 20 crores, giving us a net receivables of around Rs. 32 crores which is almost equal to the money raised via equity dilution a few months prior to that. Could you update us about the receivables and payables as of quarter 3 right now?
- Amit V. Sheth:** To summarize it, we have to understand that there are a lot of large projects where we are bidding and we are taking it. For the government projects, the payments come only after the completion of the project. If you are talking about the receivables which are shot up, it's purely of the large single sized volume of the government, where once the supply is done and the execution is done, then we received our payments, if that is the question.
- Devdeep Sarkar:** Also, what is the updated status of the numbers on the balance sheet right now?
- Tarun R. Udeshi:** As of now, since we have not published the balance sheet, I will still give you the numbers also. The payables are now at Rs. 35 crores. And the receivables are at around Rs. 70.52 crores.
- Devdeep Sarkar:** As we mentioned briefly in the earlier con-calls that the company has bill discounting facilities available from public sector banks. Are we using these facilities currently?
- Tarun R. Udeshi:** No, we have only with L&T as of now.
- Amit V. Sheth:** We have with L&T, and bill discounting can be done only for Railway projects.
- Devdeep Sarkar:** Other verticals are we starting....?



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Amit V. Sheth: For example, when we did Delhi Airport, which was a large project which was Rs. 18 crores, we had discounted with L&T. But for other government projects, we don't have those type of facilities. Neither the bank gives bill discounting facility on government projects; it is only Railways and when we are working with L&T. L&T has got a bill discounting process with them. And that's why we bill discount with them whenever we are working with L&T. When it comes to Mumbai Airport, for example, and if we get that order, we can bill discount it. So, it is not affecting our working capital because L&T is the buyer, Adani is not the buyer.

Devdeep Sarkar: So, for Infra vertical and Railways vertical, you are covered as per bill discounting?

Amit V. Sheth: Only when we are working with L&T and Railways. But if you are working with Shapoorji Pallonji or if you are working with Tatas, they don't bill discount it or even banks don't bill discount it? Tarun, am I right on this?

Tarun R. Udeshi: You are absolutely right, sir. We are only utilizing it for L&T. No one else as of now.

Devdeep Sarkar: Could you give us an estimate on the net receivables to sales target beyond which the company might start facing some growth issues?

Tarun R. Udeshi: No, that is not possible because we have this timely process of collecting payments. We are strong in retail. And in retail, we ensure that we receive payments on time as per our billing is done within the timelines and we have strong control over the payments. Growth is not a measure of....

Amit V. Sheth: They are more interested in knowing the timeline. The Retail is somewhere between an average of 30 to 45 days. Unorganized sector Retail is 100% in advance. Home is 100% in advance. In Home, not a single business happens before we receive 100% payment. There are very few businesses in Home where, for example, if a client knows us or the designer knows us very well, then the credit goes up to 5 to 10 days or 15 days. It is only Infra where there is a credit line – it's not actually a credit line – the credit is extended purely because it's a government term. When you are working with a government or wherever you are working with large companies like Shapoorji or Tatas or L&T, normally the payment terms is 90 days, wherein only L&T gives a benefit that you can discount with L&T itself. So, we are not discounting it with a bank; we are discounting with L&T.

Coming back to your question whether we will be facing a working capital issue today or tomorrow, if these 3 verticals are equally growing with Infra, then we are not facing it. If we are not growing in these 3 verticals and we are just growing in Infra, then we might face working capital problems. Let's say, if Infra becomes Rs. 1,000 crores and this is all Rs. 20 crores and Rs. 30 crores or Rs. 50 crores, then of course we will face it. But then, there are other ways of doing business. When it happens, we will find our solution and we will do it. But today we don't see it. Even exports for that matter, exports we get payment well in advance or in 30 to 60 days'



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time. So, it's not a problem. And we are working with corporates, so our money is secured. And margins are very healthy. Today, in the industry, the margins are so healthy for us that I don't see in the near future that we will have a working capital issue. And once the business is growing, there are ways and means to raise money. If you have business in hand and if you have a problem with working capital, there are ways and means to raise money.

- Moderator:** The next question is from the line of Jayshit Ladani, an individual investor. Please proceed.
- Jayshit Ladani:** What is the outstanding receivables now? If you can give us some number.
- Amit V. Sheth:** We already said the receivables is around about Rs. 70 crores.
- Tarun R. Udeshi:** Yes, as on 31st December 2023, it is Rs. 70 crores.
- Jayshit Ladani:** And what is the biggest segment out of it? I guess it's Home or Infra out of Rs. 70 crores.
- Amit V. Sheth:** Mainly Infra. Home is 100% most of the time. This is the same thing we answered that Home is most of the time in advance. Very rare occasion that Home payments are outstanding. It is mainly Infra and sometimes Retail. But if it is unorganized segment of Retail, which is also a very large chunk, it is 100% in advance. So, somewhere there is a good balance for working capital.
- Jayshit Ladani:** What is an average ticket size for one typical home in your case?
- Amit V. Sheth:** I have already answered this question when I started this conversation. The average size is somewhere between Rs. 15 lakhs to Rs. 1 crore or sometimes it even goes to Rs. 2 crores to Rs. 3 crores also. It depends on the size of the home. It is very difficult to say the average, but it ranges from Rs. 15 lakhs to Rs. 2 crores to Rs. 3 crores.
- Jayshit Ladani:** And this includes tier 2 and tier 3 cities like Mumbai?
- Amit V. Sheth:** No, Mumbai ticket size is much lower as compared to tier 2 and tier 3 cities. In Mumbai, you don't have big houses, my friend. In Mumbai, a rich man will buy 2,000 square feet to 3,000 square feet whereas if you go to Hyderabad or if you go to Secunderabad or if you go to Visakhapatnam, Guntur, Delhi, or Chandigarh, their houses are 30,000 square feet to 50,000 square feet. Surat or Ahmedabad for that matter.
- Jayshit Ladani:** For the Infra that we are talking about, it's the existing airport, not the Navi Mumbai Airport we are talking about, right?
- Amit V. Sheth:** We are talking about Navi Mumbai.
- Jayshit Ladani:** The new airport which is building up?



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- Amit V. Sheth:** Yes, Navi Mumbai. The first phase is opening by August. This is the information that we have got from L&T and Adani, that they will open the first phase. And that is why they are making the process much more faster. Second, third, and fourth phase, it will extend for the coming 2 years or 3 years, I don't know.
- Moderator:** The next question is from the line of Ashok Velip who is a retail investor. Please proceed.
- Ashok Velip:** Already my question was answered, but I have a continuation to that. You already said we are a company dealing with professional lighting. We are not in a business to the customers, sir?
- Amit V. Sheth:** We are not in a business of trade. Trade is something what Philips, Syska, Havells, or companies like Panasonic they are doing. But we are looking at another line wherein we will be doing OEM. The contract is still not signed, but we are talking to a very large group and we will be OEM to them. It is something which we are thinking of whether we should do it or not, but it is on a very advanced level talk. Once something concrete is happening, we will be the first guys to inform the exchange and to you guys in the next investor call.
- Ashok Velip:** Any planning about coming to market also, business to customer with Reliance?
- Amit V. Sheth:** Yes. This is what I said in my first 10 minutes of presentation. We are in talks with various companies and we have identified a few companies and one of the companies which we see as Apple of Trade which is very very disruptive and which we consider with all the limitations we have in trade segment, i.e., B2C. That company purely because of the technology and because of the product design, they can be disruptive. And we are seriously thinking of having some sort of a tie-up or a buyout.
- Ashok Velip:** Any progress? Another 1 year it will take?
- Amit V. Sheth:** Much faster than that. Some positive news we will give you.
- Moderator:** Ladies and gentlemen, we will take this as the last question for the day. I would now like to hand the conference over to Ms. Chandni Chande for closing comments.
- Chandni Chande:** Thank you everyone for joining the conference call of Focus Lighting and Fixtures Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference.
- Amit V. Sheth:** I will just take 1 minute. Most of the time what happens in an investor call is there are a lot of questions which are unanswered, and there are a lot of people in queue. It's my humble request to people who have some questions and whose questions have not been answered, they can contact Kirin directly and we can have a one-to-one call also. I have absolutely no problem



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entertaining that. Please feel free to drop an email or contact Kirin directly. And as time permits, whenever there is free time with both the individuals, we can have a call on the same.

Moderator:

On behalf of Kirin Advisors, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines.