



IKIO LIGHTING LIMITED

(Formerly known as IKIO LIGHTING Pvt. Ltd.)

(CIN.:U31401DL2016PLC292884)

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Date: - 12th August, 2023

To,
Listing Operation Department,
BSE Limited
20th Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001
Scrip Code: - 543923

To,
Listing Compliance Department,
National Stock Exchange of India Limited,
05th Floor, Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051
Symbol: - IKIO

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q1FY24 Results Conference Call

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Results Conference Call for Q1FY24 held on Tuesday, 08th August, 2023 is attached.

The same is also being hosted on the Company's website at www.ikio.in.

You are requested to take the same on record.

Thanking You,
FOR IKIO Lighting Limited

Sandeep Kumar Agarwal
Company Secretary & Compliance Officer



"IKIO Lighting Limited

Q1 FY '24 Earnings Conference Call"

August 08, 2023



MANAGEMENT: **MR. HARDEEP SINGH**
CHAIRMAN AND MANAGING DIRECTOR

MR. SANJEET SINGH
WHOLE TIME DIRECTOR

MR. SUBHASH AGRAWAL
CHIEF FINANCIAL OFFICER

MODERATOR: **MS. VINITA**
STELLAR INVESTOR RELATIONS

Moderator:

Ladies and gentlemen, good day and welcome to the IKIO Lighting Limited FY23 and Q1 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

We have with us today the senior management team of IKIO Lighting Limited, Mr. Hardeep Singh, Chairman and Managing Director, Mr. Sanjeet Singh, Whole Time Director, and Mr. Subhash Agrawal, Chief Financial Officer, who will represent IKIO Lighting Limited on the call. The management will be sharing the key operating and financial highlights for the year ended March 31, 2023, and quarter ended June 30, 2023, followed by a question-and-answer session.

Please note that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to the company's financial performance have already been emailed to you and are available on the website of the Stock Exchange and the Company's Investor section. Trust, you have been able to go through the same. I now hand the conference over to Mr. Hardeep Singh. Thank you and over to you, sir.

Hardeep Singh:

Thank you very much. Good afternoon to all. Thank you for joining us on our very first call after listing. We will be sharing key operating and financial highlights for the quarter ended June 30, 2023, and full financial year of 2022-23. But before we begin on quarterly updates, since this is our maiden call and some of you might be looking at the company for the first time. We would like to take this opportunity to brief you all about our business model and some key aspects of our corporate structure.

So we are an Indian manufacturers of high-end lighting solutions and operate primarily as an ODM. That is Original Design Manufacturers. that designs, develops, manufactures, and supply the products, mainly LED lighting, to our customers who then distribute these products under their

own brands, and we work with our customers to develop, manufacture, and supply the products that are designed by us. Over the years, we have successfully developed a strong, diversified product offering over 1,000 SKUs right now.

As an Indian ODM, we take pride in our strong in-house R&D department, which is product designing, tool, mould designing, electronics circuit designing, prototype design. Our R&D department independently develops ODM designs and verifies developed ODM, we receive the customers and converts such design into deliverable products by improving the designs. Recommending suitable raw material and testing of trial products. These products are manufactured at our all four well-integrated manufacturing facilities of which three are located in Noida and one in Haridwar.

In line with our focus to provide end-to-end product solution and develop better control on our supply chain and improve margins, we have backward integrated our major manufacturing. We have developed in-house capabilities, so we manufacture all mechanical components in-house. We are also adding new facilities, which is funded by the IPO proceeds, the details of which have been mentioned in the investor's presentation as well. We will be constructing three blocks, totally five lakhs square feet, Block I of two lakhs square feet, Block II of two lakhs square feet, Block III of one lakh square feet, over the next 24 to 30 months

The civil construction is almost completed of Block I, and it is under the final stage, nearing completion, and we are targeting by end of quarter three of this year, we will be going to finish that, and we will start installing the machines and equipment's which we have already ordered. So this along with continued product development will enable growth in the coming years. I will now request Mr. Sanjeet Singh to provide his thoughts on the quarter as well as provide some updates on financials. Thank you.

Sanjeet Singh:

Thank you, Hardeep ji. Let me now take you through some of the key operational highlights of the quarter gone by.

ODM lighting solutions grew in line with our expectations. However, on the exports front, the inventory clearances in the USA impacted deliveries in the month of May and June 2023. However, we are happy to share that regular deliveries have commenced from August 2023 onwards. Further, it is important to note, which some of you might be aware, our first quarter is the leanest quarter for most of our segments and generally the way the revenue breakups during the year is the first half contributes to around 45% of the overall revenue typically and the second half around 55% typically.

Now coming on the financials. While our CFO will take you through the financials, it is important to understand some key nuances of our reported financials.

As you are aware, just prior to our IPO process, we had decided to bring all related businesses of the promoters under one roof. Accordingly, on September 12, 2022, IKIO Lighting Limited became the holding company, and four subsidiaries came under IKIO Lighting. These are Fine Technologies, Royalux Lighting, Royalux Exports and IKIO Solutions. Now because this happened in the middle of the year, our financials included in the quarterly release needs to be read with some context. Let me just give you some key aspects. In the full year FY'23, the consolidated numbers that have been reported include standalone financials of IKIO Lighting for full year FY23 plus all four subsidiary financials only from September 12, 2022, to March 31, 2023.

This is because, under Ind AS, we consolidate only for the period that IKIO Lighting was in control of the subsidiaries. Accordingly, any quarter that is before September 12, 2022, cannot be compared with the current quarter. Therefore, financials reported for Q1 FY'24 cannot be compared with Q1 FY'23 and our next quarter that is Q2 FY'24 comparisons will also contain the effect of this. For ease of your reference, we have explained this on slide 9 of our investor presentation. We have provided details of the entities that have been used in consolidation.

For details on how the financials would look like if the entire year was consolidated, please refer to slide 30 where we have displayed proforma unaudited financials of FY'23 to enable like-to-like comparison with previous fiscals. We request you to please read both these slides to ensure that current financials that have been reported can be read and understood in the correct context. I now request Subhash ji to please go through the key financials.

Subhash Agrawal: Thank you Sanjeet ji. Good afternoon to all. Let me now take through the key financials for the quarter ended June 30th, 2023, and full year ended March 31, 2023. Let me once again reiterate the fact that the financials we have reported Q1 FY'24 and Q4 FY'23 contains the consolidated financials of IKIO Lighting Limited and its subsidiaries. Q1 FY'23 is actually the standalone numbers of IKIO Lighting Limited since the company had not yet acquired the subsidiaries and therefore FY'23 only contains about 200 days of consolidated financial information for the whole group.

Let me take you through the key headline numbers on a consolidated basis for Q1 FY'24. Our revenue was INR1,084 million, of which the largest share came from the sale of LED lighting solutions, followed by other products. Our EBITDA came in INR237 million, with an EBITDA margin of INR21.7 % . Our margins are in the same range as our previous quarters. Profit after tax stood at INR138 million, according for accounting for a PAT margin of 12.7%.

For the full year, as you would recollect, the consolidation is only for 200 days. Accordingly, the numbers cannot be meaningful compared with the previous periods.

To make it easy for the investors to compare the numbers in the IPO documents, we have prepared proforma financials that shows the illustrative impact of consolidation for all subsidiaries for the entire year. Please note that this is only for the ease of comparison, and these have been prepared and vetted by our accounts team but have not been subjected to any limited review or audit.

That concludes our opening remarks. I request the moderator to please open the floor for the questions.

Moderator: Thank you very much. Thank you. We will now begin the question-and-answer session. Any one who wishes to ask questions may press star and one on their touch screen phone and participant who wish to remove from the question que may press star and two. Participants are requested to use their hand set. Please wait for a moment to generate que of questions. The first question is from the line of Ritesh Poladia from Girik Capital. Please go ahead.

Ritesh Poladia: Yes. Thanks for the opportunity. So, my question is on your capex. So this, what would be the total capex for these 5 lakhs square feet construction?

Subhash Agrawal : This capex for financial year 23 that is 117 million we have already added. Can you repeat your question please?

Ritesh Poladia: What is the capex for these 5 lakh square feet construction? It is a INR212 crores that is given in the prospectus?

Subhash Agrawal: INR212 crores is for the plant and machinery and construction as well.

Ritesh Poladia: And out of this, this block 1 would be commissioned by Q3, that's what given in the presentation. So, what would be that block 1 amount and when are the rest, another 3 lakhs will be commercialized?

Sanjeet Singh: So actually the block 1 like mentioned in the presentation will be commissioned by Q3, but production activities will start, maybe it will take another probably one quarter to two quarters because of the auditing and the certification and all of these processes. So, that is where the production will begin. And to give you an idea of you were asking about the block 1 value.

Ritesh Poladia: Yes sir.

Sanjeet Singh: So, that will be if that will be close to around INR40 crores.

Ritesh Poladia: Sir I couldn't hear that figure. Can you repeat please?

- Sanjeet Singh:** It will be close to around INR40 crores.
- Ritesh Poladia:** INR40 crores and when are the other block will be commissioning?
- Hardeep Singh:** Yes, just the building part which is INR 40 Crore, P&M will be separate.
- Ritesh Poladia:** And when block 2 and block 3 will be commercialized?
- Sanjeet Singh:** So, actually the construction will happen in the next 24 months to 30 months and thereafter again it will be commercialized as per the approval, certifications. So, but right now, what we are looking at is the construction and completion of those plants will take close to around 24 months to 30 months.
- Ritesh Poladia:** So, do you have enough capacity to cater to the FY'24 because the next capacity for all practical purpose will come for the next year. So, for these three quarters do you have enough capacity or if you can give us what is the capacity utilization of the current facility?
- Sanjeet Singh:** So, currently we have enough you know capacity as per the plans that we have for the current year and going on with for the new plant also we have plans that is why this -- that the plants and machineries they all have been ordered. But for if I talk of this year, we have as per the plan we have enough capacities to fulfil the plans.
- Ritesh Poladia:** Sure, sir. And sir, for this INR108 crores revenue this quarter, how much would be from your own design and how much is pure outsourcing?
- Hardeep Singh:** This is all like all our designed products because we are ODM and we design the products for all segments, not only the high-end home decor lighting. Whatever we are making, they are all of our own designs and approved by our customers.
- Moderator:** Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Asset Management. Please go ahead.
- Atul Mehra:** Hi. Good afternoon and thanks for the opportunity. Sir, just one question to begin with is, after the entire capex is fully commissioned, what will be our total top line in terms of capacity from the INR450 crores that we did

in the last financial year? Once the entire capex is fully commissioned, maybe 2 years down the line or so on, what will be the revenue capacity of the company?

Sanjeet Singh: See you can look at it this way that typically our FA turn has been in the tune of around 5, 5.5 has been our FA turn and this has been the typical figure since we've been into the LED lighting manufacturing and electronics business. And going forward we intend, or we are expecting that this figure will be achieved once we achieve a certain point of capacity utilization of close to around maybe 60%

Atul Mehra: Right, got it. And secondly in terms of export opportunity is there in terms of any further update on exports where like I think one of our key partners is Philips, so what can be the export opportunity that can come about from Philips from a global basis?

Hardeep Singh: As Mr. Sanjeet told that we are like finishing this project and working with them is only we are like we are making that unit as per international norms standard Philips needs or our other customers there. So, once that facility is ready, we will do the audit because there are because for exports we need to have a lot of audits and all. So, we will be leading by you can say, first quarter of '24. So that is our plan.

Atul Mehra: Right. And sir just one other final question is, there are a lot of opportunities like last week, we saw this entire laptop opportunity open up. So, are we thinking on these lines around laptops because in this space increasingly what we are seeing is import substitution being a key focus area by the government. So from our business plan orientation, are we considering any of these new products like laptops in our business plan for the next three years to five years?

Sanjeet Singh: So, actually, if you look at our product portfolio and the business verticals, we already have a very diverse product portfolio catering to three, four different business verticals. Currently what we are planning is we are planning to invest our resources, time, and the R&D capabilities on the existing portfolios, the existing products which we have and to further expand the products that we are doing, product lines that we are doing

you know related to those particular categories where we are functioning as of now. So, we want to utilize our strengths in these areas for now and that is why we are not basically looking at this particular avenue.

Atul Mehra: Right. Got it. Thank you and all the best.

Sanjeet Singh: Thank you so much.

Moderator: Thank you. The next question is in the line of Nilesh Soni from Prabhudas Lilladher. Please go ahead.

Nilesh Soni: Thank you and congratulations sir on the decent set of number. So I have two questions relating to Signify. So, how has been the home lighting segment which Signify performed during the quarter, can you elaborate on that sir?

Sanjeet Singh: So, you're talking about the Signify business for the first quarter.

Nilesh Soni: Yes, for the Q1.

Sanjeet Singh: Yes, so if you look at -- if you look at the performance of Q1 of IKIO Lighting on a standalone-alone basis where we are manufacturing for the ODM home lighting division, so that has seen a very good growth of around 25% compared to, on like-on-like basis, compared to the first quarter of the last year. And we are seeing good momentum and going forward that is why like I mentioned we continue with our strategy of bringing in more and more products and product categories to further strengthen the relationship and even the growth momentum.

Nilesh Soni: Okay and on number term -- number terms, if you can guide us what would be the outlook for this particular Signify for FY'24 means if you can write anything on that front on revenue front?

Hardeep Singh: We will be -- like numbers you can see that we are going at the pace of 15% to 20% normally with them and this is the growth we are looking for this year as well.

Nilesh Soni: Okay and secondly on this means you mentioned in PPT that there is somewhere around 800 SKU in your Signify SKU with them, so what's your plan to grow that number for FY'24, are you like hiring every quarter or...

Hardeep Singh: Actually this is a pipeline there is a like a very normal schedule, like the festival season, before the festival season, we launch more products by then. Then we start for the new product development in the Q1 of the next year. So, this is a strategy like on whatever we develop, it should come before Diwali for the year itself. So, for next year, we will plan after, we have already start planning after Diwali what we have to do and after first season what we have to develop. So, the pipeline has been already created for that.

Nilesh Soni: Okay, okay, got it. Thank you, thank you. If I have any question I will be in queue. Thanks a lot sir.

Sanjeet Singh: Thank you so much.

Moderator: Thank you the next question is from the line of Chetan Gindodia from Alf Accurate Advisors. Please go ahead.

Chetan Gindodia: Hi, sir. Sir, wanted to understand about our RV business. So, currently I think this quarter we had the revenue of INR10 crores. So how do you see this recreational vehicle business scaling up for us and do we have confirmed orders for this and generally what is our content per RV that we see and margins on the same?

Hardeep Singh: Yes, so as we started only like a year and a half before this RV business, and it took us a long time for the certification and everything. And we are -- we have sent a lot of material and now the sales are picking up as we told you because of China some problems and all so they stored lot of material, but now the season is starting up and the sales are also picking up because of their new year is coming and all.

Also we are going to -- this is we are going to set up our sales office in USA and it will add on to boost the sales. So, this is our target that we should have our own sales office, our own people to nurture this market business

-- this market potential is very huge. Looking at that, so we are focusing on that.

Chetan Gindodia: Okay, got it sir. And so like do we have confirmed orders with our major customers here, which is Royalux and Znergy. So, we have orders for what quantum of equipment we'll be supplying for the next two years?

Hardeep Singh: Yes, we have the plans for that. The categories we are adding that in that is the lithium battery for that Recreational Vehicle. We also got the confirm order for that the 1 million we are going to ship next month, and it will keep on continuing. And the new product range we also we are developing. Numbers we can share with you in coming quarters very soon, that what we will achieve.

Hardeep Singh: Actually we have a very good plan for that, and clarity is there. And last two weeks we air-shipped some shipments to cater to that product. So, this is how we are running with them.

Chetan Gindodia: Okay, got it sir. Sir, can you also explain us about your commercial refrigerator lighting business, who are our major customers here and how do you see this scaling up?

Sanjeet Singh: So, the commercial refrigeration business has been constantly growing since the past couple of years and if I, I mean, our major customers would include western refrigeration, then there is Frigoglass, then there is Voltas. So, basically, we are supplying commercial refrigeration, lighting products and other electronics to them Including the IPS stabilizer as well. So, these are some of the major products that we are supplying.

So going forward we expect our growth momentum to be like if I talk of the first quarter, so we have grown by 25% as compared to the first quarter of last year and that is largely due to the fact that again in this category also we try and bring in as many products as possible to diversify our product base and that has been our strategy all along and we continue on this path and going forward we are also looking at the export market.

We are currently exploring the export market and if anything substantial comes up in the near future we will definitely let you know in the coming quarters.

Chetan Gindodia: Thank you for sharing the guidance in terms of overall company level top line growth and margins or your aspirations with respect to profitability for next two to three years that would be helpful?

Subhash Agrawal: So as far as revenue is concerned, we cannot give that futuristic number, but we see and believe that our growth momentum on top line will continue and as far as the margins and PAT is concerned that also we see to sustain that kind of earnings.

Chetan Gindodia: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Keshav from RakSan Investors. Please go ahead.

Keshav: Hi sir, in a few media interviews we've attributed our margins to us doing ODM for LEDs but if I look at our peer which is three to four times the revenues we do and most of it is also ODM but we are still managing to do 2.5x to 3x the margin in comparison so can you help understand the specifics of how we are able to generate such margins?

Sanjeet Singh: So basically you know there are a couple of ways to look at the way we are managing our business if I talk of the ODM lighting products that we are doing. So typically our margins were also at the lower end of you know the spectrum if you look at our historic figures dating, you know four five years back so till then till that time, we were also dependent majorly on the imports and we were mainly doing assembly of the products.

But since the past you know five years, we started our journey of doing this backward integration and we are constantly adding more and more backward integration processes to our manufacturing. So that was majorly done to bring in the kind of quality that we want to manufacture for our customers and at the same time to bring in the control that is required to manufacture these many SKUs.

Because at 5 years back we were, I don't have the exact figure, but we were manufacturing close to around maybe 150-200 odd SKUs and today we are doing more than 800 odd SKUs. So that has only been possible because of the backward integration that we have been able to achieve.

And going forward also that is going to be our, I would say, strategy and the core strength. and we are investing also heavily on this with the IPO proceeds going forward for the backward integration. And that is where our margins and productivity also lies.

Hardeep Singh: Also the quality of products and the on-time delivery. So many things are focused on backward integration. So we can make the world-class products and once we are ready with everything, we know that the market is huge for us.

Sanjeet Singh: And if you look at the product mix also, we are not doing you know the commodity products the inexpensive commodity products like the bulbs and the batons, so we are doing mid to high end home decorative lighting products. So that is why probably you know.

Keshav: Sir, in this functional lighting segment which we are into, how is the market structured? I mean is the bulk of manufacturing in-house to the brands?

Management: Sorry, can you repeat the question?

Keshav: We are in the decorative category and broadly in functional lighting as you previously mentioned also. So in this, what is the structure of the market? Is the bulk of manufacturing in-house with the brands themselves?

Sanjeet Singh: So if you know if you look at the overall LED market space I am referring to a report by F&S dated I mean the figures are from I think FY '22 if I'm not wrong ,so the overall lighting space was at that time 220 billion and out of that the high end home decorative lighting which includes the functional lighting as well as true blue decoratives where we are not functioning, not in the true blue decoratives. So that consisted of 35 billion and remaining was 185 billion. So if you look at the functional decorative

light or high-end home decorative light, it was relatively very small compared to the overall LED lighting space.

So that is why what we were also doing up till 4-5 years back, we were also importing everything and doing assembly. So I think majority of the players in this category, they are doing this only as opposed to probably manufacturing everything in-house. Because for that you need to have a lot of SKUs, production, you know the volumes should be there whereas relatively this market size as of now is small as compared to the overall LED lighting space.

Hardeep Singh: And it is increasing, the segment which we are working, it is increasing year-on-year and quarter-on-quarter basis. So that is how you can see that still our lighting business with our as a ODM is growing in the first quarter about 25%.

Sanjeet Singh: So out of the 220 billion market space, functional decorative lighting is only 21 billion, which is like Hardeep sir mentioned is growing constantly. But I am just trying to make a context here so that is why like you mentioned a lot of players are not able to manufacture everything because the volumes for them are not there as of now.

Keshav: Sure sir, so lastly, whatever growth plan we have currently in LED specifically, for that we will probably be sticking to functional lighting only?

Sanjeet Singh: Can you repeat the question, sorry?

Keshav: So whatever plans we have for LEDs, would we broadly be sticking to functional lighting category only?

Sanjeet Singh: Functional lighting, you are talking about the ODM business per se or the group?

Keshav: The ODM business.

Sanjeet Singh: Yes, so the ODM business majority of our products that we are doing are catering to the functional decorative lighting space. Apart from that we are

also venturing to other product categories which are related to this. And we are already doing some of these products and we will be, prime focus will be on the functional decorative lighting space plus related products.

Hardeep Singh: As we are partnered with the, we are ODM partner with one of the leading brands of India and that is how we are starting them, and we have a very good growth plan. For them we are already started developing the rechargeable fans as well. So this market is also huge as this is a virgin market for this, and we are entering into this also.

Moderator: Thank you. The next question is in the line of Viraj Jain as an Investor. Please go ahead.

Viraj Jain: Hi, sir. Congratulations on a decent set of numbers. My first question would be whether do you have any plans to enter into the B2C segment where you intend to sell directly to the consumers?

Hardeep Singh: No, not at all. As in our, all the, like when we meet the investors during our visits and all. So we are very much like working with Signify, as you know, everybody knows that, and we are very happy with them. And we feel that that is our own brand, and we are serving them like a strategic partner, not as a supplier or vendor. So we are looking for the very long-term relationship with them and that is how our – like we feel that we are a strategic partner. We are not the suppliers or vendors, or we are not going to – all their distributors or dealers, we see that we are, what we are giving out, they are selling that. So no need to go to B2C.

Viraj Jain: Okay, sir. Sir, then my one last question will be, do you intend to do the ODM business in the home lighting segment for any other brands other than Signify?

Hardeep Singh: No, as I said, we are, they are almost have the 50% market share of the – in this segment, what we are catering into. We are very good with them and last – this is a journey of 11 years with them, and we don't have any intention to work with any other brands as of now.

Viraj Jain: Okay, sir. Thank you, sir. All the best for the future.

- Hardeep Singh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rahul Ranade from Goldman Sachs Asset Management. Please go ahead.
- Rahul Ranade:** I just wanted to know if you can you know kind of provide a comparable number on a Y-o-Y basis Q1 versus Q1. I see that, you provided pro forma for the full year FY'23, but would be good, if we can get a comparable on a Y-o-Y basis also?
- Subhash Agrawal:** So, Rahul on the , Q-o-Q basis, that we're not supposed to, prepare for Q1 FY '23. So that I can help you provide the revenue numbers only. On consol basis, last year in Q1 FY '23, we had the revenue of INR960 million as compared to INR1,084 million. So there is an overall Q1 growth is around 13%.
- Rahul Ranade:** Okay.
- Subhash Agrawal:** So, okay. Did I answer the question.
- Rahul Ranade:** So, here, sir, just wanted to understand, we refer to let's say, the Philips business growing at 25%, that is the biggest part of our business, so that has grown 25% Y-o-Y. You also mentioned commercial refrigeration has also grown 25%. So what has been you know kind of the drag on the overall growth, if the overall growth is 13%, there would be some degrowth in some business, right?
- Sanjeet Singh:** So actually in the export category like you, rightly mentioned, there was the degrowth in the export category of around 35%. So the reason for that like Hardeep ji mentioned early on, so majorly the inventory clearances were yet to happen and like Hardeep ji mentioned that, now since August, this month only, normal deliveries have already commenced, and we are on track to meet the targets.
- And going forward, like Hardeep ji mentioned, we are also opening up our branch office in the US. We will be having our own marketing and sales team and that will eventually boost our sales as well. So this was largely

due to the inventory hold up that was there in the US, which has now cleared up and deliveries have again commenced.

Hardeep Singh: Also for the like, it took little time, more time in getting the certification because the certification for USA market are very tedious and very like from the UL laboratories and Intertek, so we have -- we only got all the certification. We have about 30 certifications for the product. So it took us a long time and also, we are entering as I told you, we already got the orders for lithium batteries, and we are entering into that segment. That segment itself is a huge segment of what we are looking for. So that is why, we are back to open our office and everything. So it will give the major boost in our sales.

Rahul Ranade: Okay. And this inventory clearance that you are referring to, was this because of some demand slowdown that happened in the end market or how should we think of it?

Hardeep Singh: No. What happened after COVID, what happened, there were very logistic problems as well as like the supply chain, other problems like the component shortage. So what happened, this RV people, like to secure their production, they over-ordered the products. And as everybody knows that USA market was a little bit slow for the first two quarters, their first two quarters means from January to, as you can say, June, it was a little slow.

And they were overly, like, they were overstocked by the products. So now those products are all consumed and now the things are becoming more normal for them. So we are also getting the same query for them. So every day, we are getting some new orders, and this is how, this market is. Some visitors are traveling to us for the new businesses and all. So, this is how we are going to cater that market.

Rahul Ranade: Okay and delay in getting certifications is this for some new customers that you are talking about because we have been in this business for the past two years, three years. Is this a new customer?

- Hardeep Singh:** No. It is for certification, is the problem for the product, not for the customer. It is like USA; they have two types of certifications. One are performance-based. One is safety-based. So all these certification needs to have before shipping the goods to USA. So it took us a little long time and now it is all done, and the supplies are going to start very soon.
- Rahul Ranade:** Okay, but we were exporting to USA, right, in FY '23 also, or is this a new geography?
- Hardeep Singh:** We are adding the new products. That is how like the lithium battery, this is the first order, we get. Some other old product pipes and all also start moving. ABS pipe, RV lights also start moving. So this is how, we like we have before we have indoor lights, now we have outdoor lights as well for RVs. So we are giving all the complete package of that.
- Rahul Ranade:** Okay. And sir, if we look at the presentation in terms of the sales, where we are highlighting that LED products as one segment, commercial refrigeration as their second one and others is the third one. So what all is included in others?
- Hardeep Singh:** So we are making the USB chargers, we are making MCB switches, we are making rotary switches, we are making IPS controllers, we are making some drivers, so all these products are coming under the others category.
- Sanjeet Singh:** And since this is our first call post the IPO, we decided to maintain parity with the offer document to ensure continuity of disclosures for investors, who had invested on the basis of the RHP. However, going forward, we understand the investing community will look at various metrics to evaluate our performance. So, we will take the feedback from, maybe the next two or three interaction investor calls and incorporate it in our future communications.
- Rahul Ranade:** Sure, because the way most of us actually kind of understood the business is Phillips being one, which is you know kind of different kind of the business, then we understood retail lighting as another part of the business, which I don't see as a part of the current segment representation that is there in the presentation. So that was the second part and then

there were RV as one line of business and then there were also refrigerator products as another line of business. So I thought, the same would have been maintained but yes, happy to take this offline and get more details on that.

Sanjeet Singh: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar: Hello, sir. Good afternoon. Sir, I missed the growth numbers you mentioned for the current financial year. Can you please repeat that?

Subhash Agrawal: Growth, consolidation number of group?

Suraj Nawandhar: No, growth in revenue for FY '24, I guess you gave an number for it?

Subhash Agrawal: No, for FY '24, see FY '24 number is yet to come. I'm talking about FY '23 group numbers.

Suraj Nawandhar: Okay, so can you give any growth guidance for FY '24 on the revenue front?

Hardeep Singh: 'FY24 is a futuristic number, we cannot, we can simply say that we are going at the same pace, what we are sure that, we will achieve that. You can assess the numbers.

Suraj Nawandhar: Okay. Sir, what is your order book end of quarter one?

Sanjeet Singh: Sorry, can you repeat the question?

Suraj Nawandhar: What is your order book? What is your order book end of quarter 1?

Sanjeet Singh : So actually our business model is I mean, we don't have order books as such. It is the planning that we work with like, the ODM business that we are working with Signify. So we work on planning. I mean strategically, we sit together as a team with their stakeholders as well and that is how we come, they give us the planning that this is what they are looking at and that is how we maintain our raw materials as well because we do most of the production in-house, even the backward integration. So we just have

to maintain certain components and based on that planning only we do so in our business model or the different categories that we work in there is no such order book. It's only the planning that we work on.

Hardeep Singh: Like we have like the system of planning is so robust that the accuracy in that planning is almost you can say, plus minus 5% to 10% not more than that. And this is in all of our business segments not only the Philips lighting, but all of our businesses are like that. We have a like confirmed plan for the quarter-to-quarter. And similarly, we make a plan for our production and delivery and procurement.

Suraj Nawandhar: And sir, last question is that in our presentation, we have mentioned that our new -- the capacity that we are expanding of 5 lakhs square feet will also be doing some solar panel and systems. So is it the roof top solar panels that we do, or can you please tell us about the domestic market or how it is?

Hardeep Singh: No. Solar panels, we are not going to make for the domestic market at all. We are focusing this product only for USA market. And we are giving them the solution, not the panels. Like it includes all the connectivity, solar charge controller, their mounting clamps, then because this is a commodity, solar panel is a commodity item, we can get it from, we can get it outsourced. And we just give the solution to the customer. So that is more beneficial and more profitable in the terms of execution.

Sanjeet Singh: And this also we are doing only for the RV industry in the US, not for the domestic usage, only for the RV.

Hardeep Singh: Even not for the solar power and all, we are not into that.

Suraj Nawandhar: Okay, okay sir. Thank you, sir and all the best. Thank you.

Sanjeet Singh: Thank you.

Hardeep Singh: Thank you so much.

Moderator: Thank you. The next question is from the line of Tanmay Mehta from Prescient Capital. Please go ahead.

- Tanmay Mehta:** Hi sir, I just had a quick question about the client concentration. If I understand correctly, Philips happens to be one of our biggest clients in the LED lighting solutions. But if you could provide a revenue share of top five clients, or maybe some other insights about our client concentration.
- Subhash Agrawal:** So as far as that client concentration is concerned, as you can see in the document also that we are 50% of our revenue comes from the Signify.
- Hardeep Singh:** And balance is all from the like the refrigeration and other resources, what we are doing, exports, everything.
- Sanjeet Singh:** So we do not have that in front of us as of now. But like Subhash ji mentioned, 50% is from Philips. The remaining then there are, so many customers, different, different products, different product lines. So, sorry to say, but we don't have that figure right in front of us.
- Tanmay Mehta:** All right, thank you so much.
- Sanjeet Singh:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Thank you, sir, for the opportunity. There are two, three data points that I would want to understand. For starting with, what is our gross debt as on the end of month of June? If you could tell me?
- Subhash Agrawal:** Gross debt as of month of June, we have INR480 million of debt consolidated, put together all the other subsidiary companies.
- Vignesh Iyer:** Right. And then, this is after utilizing the IPO funds to pay off the debt, right? If I am not wrong?
- Subhash Agrawal:** Yes. As far as IPO funds is concerned, that INR50 crores was the debt repayment which was scheduled. And another INR13 crores we paid from the GCP. So INR63 million, INR63 crores was paid from the IPO proceeds and INR48 crores is the balance as of now.

- Vignesh Iyer:** Right. Also, if you could actually, I missed on the consolidated numbers that you gave earlier for FY '23. If you could just give it.
- Subhash Agrwal:** Consolidated number of Q1 '23, it was around INR960 million, as compared to INR1,084 million. So, the consolidated growth is 13% in Q1.
- Vignesh Iyer:** Okay. So, from year on it will be all consolidated numbers, right?
- Subhash Agrawal:** Year on as we saw that subsidiaries were got clubbed from 12th of September. So, if you see in that published numbers, they are a restated console so there is no Apple-to-Apple comparison for that but for comparison purpose, we have given that in the presentation that proforma console number and there you can see that FY '22 to FY '23, there is a 35% of growth.
- Vignesh Iyer:** Right, sir. I get it.
- Sanjeet Singh:** This will continue for the next quarter also because like, we mentioned, the September 12, 2022, is the date when the consolidation happened so the next quarter also financials will be presented this way, but we will try our best to give you pro-forma numbers as well so that it is easier for the investors also to understand how the company is performing.
- Subhash Agrawal:** Hello, Vignesh Can you hear us?
- Moderator:** I think we have lost the line of Vignesh. We have a follow-up question from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.
- Suraj Nawandhar:** Hi, sir. Just a small clarification I needed. The Q4 numbers of the last year are comparable with the Q1 of this year, right?
- Subhash Agrawal:** See, Q4 numbers are comparable, but Suraj, the thing is that quarter first is always a lean quarter, so it is not a fair comparison between Q4 and Q1. But for consolidation purpose, you are right. These are the comparable.
- Suraj Nawandhar:** Yes, I meant for the accounting purpose, they are comparable. Cyclicity aside, just for accounting purpose, they are comparable.
- Subhash Agrawal:** Yes, the accounting purpose it is comparable.

Suraj Nawandhar: Okay, thank you. Thank you.

Management: Thank you.

Moderator: Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference back to the management for their closing remarks. Thank you and over to you.

Hardeep Singh: Thank you very much.

Hardeep Singh: So, thank you everyone for your participation. And the time on this earning call today, I hope I have responded to your queries. And we will always be happy to assist you for all your further queries. Do our investor relations team at Stellar IR advisors, or you could reach out to us directly. Our coordinates have been shared at the end of presentation. Thank you once again and have a good day ahead for everyone. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of IKIO Lighting Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.