

Date: August 16, 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 First of Financial Year ended on 31st March, 2025.

Ref: Intimation of Earning Conference Call – Q1 FY25 dated August 09, 2024.

In furtherance to our Intimation of Earnings Conference Call dated August 09, 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 (Standalone and Consolidated) of the Company for the Quarter First of Financial Year ended on 31st March, 2025 held on Wednesday, August 14, 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-2024-25/>

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 & Fixtures Limited
Q1 FY '25 Results Conference Call”

August 14, 2024



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

MODERATOR: **MS. VAISHNAVI – KIRIN ADVISORS**

- Moderator:** Ladies and gentlemen, good day and welcome to Focus Lighting & Fixtures Limited Q1 FY25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touch-tone phone.
- Please note that this conference is being recorded. I now hand the conference over to Ms. Vaishnavi from Kirin Advisors. Thank you and over to you ma'am.
- Vaishnavi:** Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Focus Lighting & Fixtures Limited. On management team, we have Mr. Amit Sheth, Managing Director and Mr. Tarun Udeshi, Chief Financial Officer. Now I hand over the call to Mr. Amit Sheth. Over to you, sir.
- Amit Sheth:** Yes, very good morning to all the investors who have joined the call. Thank you, Kirin Advisors. I'll request you can straight away start with questions and answers as I'm not in the country. If you can just go ahead with the same.
- Moderator:** Yes, sir. Ladies and gentlemen, we will begin with the question-and-answer session. We take the first question from the line of Jayraj from Arihant Capital. Please go ahead.
- Jayraj:** Good evening and thank you for the opportunities. So my first question to the management is like what factors contribute to the most revenue growth in Q1 FY25? And how companies are sustainable in growth in the upcoming quarters?
- Amit Sheth:** Your question is what vertical the growth is coming from? Hello, am I audible?
- Moderator:** Yes, sir. The line for the current question has got disconnected, sir. We take the next question from the line of Kajal Pathak from VY Capital. Please go ahead.
- Kajal Pathak:** First of all, congratulations for your quarter results.
- Amit Sheth:** Thank you very much.
- Kajal Pathak:** So my question was what new products or technologies are in the pipeline? And how do they align with the market demand?
- Amit Sheth:** Thank you. I'll answer this question. So currently we are working very aggressively on outdoor profile. Outdoor is a very huge market till India is concerned and India, Middle East and Europe is concerned. And we are working on landscape and we are working on facade lighting, building facades. Our target area is more of architectural buildings, heritage sites like temples, forts.
- When it comes to landscape, what we are targeting is beaches. We are targeting a lot of squares all over the country, beautification areas like gardens. These are the target areas when we are talking about outdoor lighting.

And these are the two focus areas what we have. And we've been working on the technology. I've been telling from last two calls that we have got this time worldwide patent on the technology.

And we are trying to patent it also in China. So China patent is a little difficult. But we are trying to get it patented in China also because China is a major supplier to the rest of the world. In home segment, we are working very, very aggressively. We introduced technical lighting. Now we are going in a segment of decorative lighting and semi-decorative technical lighting, which gives us a very, very strong foothold in home segment.

And that is where outdoor and home segment, the real growth is coming to us. From zero, we are starting in trade. Trade is something which is the largest market in India. Most of the companies' turnovers, like if you top five companies in our country, their turnovers come purely from trade sector. Majority of the turnover comes from trade sector. And trade, we feel that trade, there is no differentiation.

There is no technology in trade. And trade is a very, very price-sensitive market. So we are working on a very different level wherein we are introducing products which are screw-less. We are introducing products with very different materials, unlike what is used in trade. We are introducing a lot of exclusive designs and technology in trade. We are also looking into how fast we can assemble.

For example, we have actually gone down where the product can be assembled between 10 seconds to 25 seconds. Why this type of working? The reason is that if we can reduce the cost, then the market is huge. If we can create differentiation, which is not there in trade, the market is very huge. So these are the areas what we are really focusing on. What was your second question? Hello.

Kajal Pathak:

Sir, next my question was, what is the current debt level? And how does the company plan to manage or reduce its debt moving forward?

Amit Sheth:

See, the debt has increased and a lot of investors have been asking us the question that the debt has gone very high. Yes, the debt has gone very high. We are working with a few channel partners, especially in the Middle East and in Southeast Asia.

Now with channel partners, when it comes to home segment, we are not doing direct business in Middle East and in Southeast Asia. The volumes are very high with them. They are receiving payments slowly. And in turn, we were receiving slowly. But we've been assured that most of the debt will be cleared between September and October. That is an assurance what we have been given.

They have already started paying us. And debt should be streamlined. Yes, there was a delay in our payments. But it is now getting streamlined. And by October, it should be absolutely at par. Yes, average, we will be receiving in this two months a very large sum of amount. Tarun, if you want to add something, because you know the values of what your partners have given you and what amount you will be receiving.

- Tarun Udeshi:** So if you see, as compared to previous quarter, we have collected almost INR6 crores towards the home lighting. And in retail lighting also, we are following up very aggressively. So by September or October end, we will be able to receive most of the amount, which is above six months.
- Amit Sheth:** Also, I'd like to add one more thing. I understand from the investor's perspective, what happens is that whether this money is going bad or not. See, when we are working with channel partners or if we are working with retailers like brands, because they are working regularly with us, there are very rare chances unless and until they are going bad.
- For example, Future Group. Future Group, we lost INR3.5 crores. Okay, but Future Group was in problems and everybody lost money. But till date, if you look into the history part, please understand that we work with those clients on a regular basis. They need us. So they will not stop payment.
- There can be a delay once in a while, such things can happen. But money going bad is something which is not, which is a remote possibility in our case, when we are working. If you are working with the end user in home, who is just a one-time buyer, then the chances increase. And that is one of the reasons why we work through partners. We don't mind taking commissions or some more profits from our side. But our money is secure.
- Kajal Pathak:** Okay, sir. And so I wanted to know that given the strong financial performance this quarter, is there any consideration to revise the dividend policy?
- Amit Sheth:** Dividend here, we will announce. Of course, we will come out with the dividend policy and we will give the dividend. I think next meeting we will announce the dividend for sure.
- Kajal Pathak:** Okay, sir. And so how is the company managing its working capital needs, particularly in the light of increasing order volumes?
- Amit Sheth:** Till date, we still don't have problems and we are surviving and we are able to manage it. Once the outdoor portfolio is done, we might have a stress and we might have to raise or increase our limits. And that is the time we will look into it.
- Kajal Pathak:** Okay, sir. That's all from my side. Thank you, sir.
- Amit Sheth:** Thank you. I hope you are satisfied with the answers.
- Kajal Pathak:** Yes, completely. Thank you.
- Moderator:** We take the next question from the line of Bhavya Sonawala from Samaasa Capital. Please go ahead.
- Bhavya Sonawala:** Thank you for the opportunity. Am I audible?
- Amit Sheth:** Yes, very much.

Bhavya Sonawala: So just one clarification again on the receivable side. Sorry for another question on this. But just want to understand in the last call, you had alluded that the receivables were increasing due to the infrastructure segment increase. And then for more details, I had actually messaged or emailed Tarun sir and got receivables split. But in that, it shows that the home segment was the major part.

Amit Sheth: That was my understanding. So it is, of course, the outstanding is there. It was for Infra also. Infra is something being a new vertical I was handling and I didn't have that clarity. It was my mistake and I'm really sorry for it. It was mainly on the home sector where the receivables were there. And this was mainly from, Tarun, it was a Middle East account, right?

Tarun Udeshi: Middle East and South East, which we have done with two dealers. That is the outstanding.

Amit Sheth: Yes, so it was my confusion. I'm really sorry for that. Yes. What was your another question?

Bhavya Sonawala: Okay. So just that clarifies. And then just another question you spoke about. You go through dealers or you probably have a middleman in the international market. So is it the same for domestic?

Amit Sheth: It's not only for. Yes. It is not only for international market. I'll tell you, I'll just give you a small brief how we are working here. See what we are targeting in particularly home sector. Home sector is something where it is either China or it is Europe. And because the buyers, you're making home for once in a life or twice in a life. So buyers are a little sensitive what they are buying, how the performance is, how the look and feel is. So what we are doing is as a company, we are we are opening experience centers in India.

We have one experience center in Andheri. We have one experience center in our factory. We have opened a second experience center in Bangalore. And we are opening the third experience center in Bombay in Lower Parel. Okay. Future planning is that we will be opening experience center in Delhi.

We have already finalized Delhi, Pune. And we have experience centers with our channel partners in Hyderabad, in Surat, in Ahmedabad, in Chennai, now in Dubai. So these are the channel partners experience centers.

All put together, we have 35 channel partners right now. Between 30 to 35, I don't know the exact numbers. And this year we are planning to increase it to 50 channel partners. Till date, average channel partner's potential with us was somewhere between 50 lakhs to 1 crore. Their potential can increase up to 5 crores in local, I am talking about India. Okay.

If they open an experience center for us, we are expecting a turnover every year by 5 crores, between 1 crores to 5 crores, depending on the potential that one experience, one channel partner has. Okay. And most of the business in home is routed through channel partners in India.

Except for two cities, one is Bombay, currently, where we are doing business through us, though we are working with channel partners also. And some business is coming from Delhi, directly from us. But most of the business is routed through channel partners.

And going forward, we will try and make it zero, that we don't do any business directly, but we intend to do it through channel partners because they get more confidence and they have more contacts locally, rather than we having more contacts locally with architects, interior designers. I hope I could clarify this question of yours. Till Middle East is concerned, we have tie up with three companies.

And one of the companies have been very keen and they have opened experience center in Saudi. It has just opened last month. And Saudi, the way India is growing, Saudi is growing in a very big way. And he is opening a second experience center in Middle East, in Dubai, sorry. But this is only for, this is for home channel. Sorry, your voice is not clear.

Moderator: Sir, we are unable to hear you

Amit Sheth: I think he is in low frequency. If you can take him again.

Moderator: I would request you to please join the question queue again.

Amit Sheth: Thank you. No, no, now I can hear him.

Bhavya Sonawala: Am I audible now?

Moderator: Yes, it's better.

Bhavya Sonawala: Yes, you are audible. Sorry for that. Just one last question. In terms of the home segment, is it fair to assume that there won't be too much of cash and carry, so there will be probably a credit cycle of 30 days or whatever is common in the industry?

Amit Sheth: See, in India it is 30 to 45 days. Tarun, if you know the exact numbers.

Tarun Udeshi: Yes, correct.

Amit Sheth: 30 to 45 days. Our channel partner clears it.

Bhavya Sonawala: Yes, maximum is 45 days. Maximum is 45 days what we offer to channel partners.

Amit Sheth: Yes. And see, again, it's a relation. Like if I know you and we've been working for four or five years together, there is a trust factor, right? And most of the time that insecurity is not there. The insecurity is only there when you are working with one client one time and he is gone. That's where the insecurity comes.

So if you look into our past track record also, there has been a bad debt in last 10 years, but it has been very negligible in 0.2%, 0.3%, something like that. We would have average. As I told you before also, I'm not a number guy, so don't catch me on numbers. But Tarun can answer the exact number. Tarun, if you can just clarify that also.

Tarun Udeshi: Yes, sir. Bad debts. Major bad debt, as sir said earlier, was only this feature group. Apart from that, only small, small amounts which are not receivables, which is contributing hardly 1% or 2% of the total turnover is our actual bad debts. Otherwise, we don't have any bad debts at all.

- Bhavya Sonawala:** Okay, understood. Thank you so much.
- Amit Sheth:** Can we move to another question?
- Moderator:** Sure, sir. The next question is from the line of Parth Mehta from Mehta Doshi & Company. Please go ahead, sir.
- Parth Mehta:** Yes, so my first question is regarding in the last con call, we discussed that we are focusing on getting some railway contracts. The railway revenue was very low in the previous product mix. So are we able to secure any railway orders in the current quarter? Looking forward, what is our standing regarding that?
- Amit Sheth:** No, railway currently we are not able to secure any orders. Railway, there are two systems where railway works. One is there are private players, companies like Bombardier or Alstom who buys lights and who installs in the bogies and supplies it to railway. And second is the railway tendering system. Railway tendering system is going through a little bit of turmoil because there are currently there are too many vendors that have come in. The quality has gone down particularly and they are supplying below cost.
- And there are some concerns even raised by the railway. So they are doing their due diligence. Till the time that due diligence is not done, few vendors are not blacklisted. I don't see any action happening from their ePortal, GEMS, which is GEMS. And private players are concerned. Private players are still quality conscious and they are still relying. Fortunately, we've been now an approved vendor.
- Till now we were under development vendor. We are approved vendor now. So we are approaching those private players. They need to come down, see us in our factory, see what we are manufacturing. That process is taking a little bit of time. So this quarter also I don't see any large traction happening with railways.
- Parth Mehta:** Okay. And my second and last question is regarding. So in the last few years from 2023 to be exact, the operating margins of the company have increased drastically. And also we are achieving a good sales growth. So going forward for this year and next two years, are we confident on the increased top line and the expanded margins?
- Amit Sheth:** See, as a company, what we look into is not quarter-to-quarter. You as an investor, you look quarter-to-quarter and one year or two years. As a company, what we are looking at is three years and five years bandwidth. Okay. The investments what currently we are doing in three major verticals. And we've got patents and we are working on different technologies in trade, in outdoor and in home.
- And of course, retail also. So this four verticals, we are working on a very long term plan. Okay. Any business cycle, you see ups and downs. And I don't say that the graph is always straight up. Okay. There are cycles and that might happen. I don't know about it. Currently, the visibility is very good for coming two years also and for coming three years also.

And the expansion plan is very big as well as the investment plan. So I don't see any negativity. Except for probably in two years, there might be one or two quarters. There might be a dip or something coming up. It might come. It might not come. I don't know. Overall, it looks that we will be able to sustain and we will be able to grow this.

Parth Mehta:

Okay. Thank you so much and congratulations on a fantastic quarter. All the best.

Amit Sheth:

Thank you.

Moderator:

Thank you. The next question is from the line of Mahesh Seth from 360 Analysis. Please go ahead. Mahesh, your line is in the talk mode. Please go ahead with your question. Mahesh, your line is in the talk mode. Please go ahead with your question, sir. As there is no response, we move on to the next question. We take the next question from the line of CA Vikas from AcornTree. Please go ahead, sir.

CA Vikas:

Yes. Thank you. Yes Amit bhai. This one is regarding the airport. Because right now, as per my understanding, we secured certain orders from Mumbai as well as Guwahati. Any latest update in this time?

Amit Sheth:

I didn't understand. What latest update do you want on this?

CA Vikas:

Because you already secured around INR7 to INR8 crores order from the Mumbai airport. And as per my understanding on the last call, you are working for the Guwahati airport also. You secured certain order also?

Amit Sheth:

Guwahati was received before Mumbai. Both are phase 1. This is not a complete order. Okay. We have received in Mumbai there are 4 phases. And this is the first order what we have received. The government of India is supposed to complete it by this. They were supposed to complete it by August. But I don't think so it is happening for them. So probably by December or by Feb. And then it will be phase 2, phase 3, phase 4.

Same thing is with Guwahati. Currently, we have received order for Indore. And there is a large chunk of outdoor which is pending. And there are some decorators which are pending for Guwahati also. All put together, we are approved by Airport Authority of India. Since we are doing this is the third airport we are doing. We did Delhi first, now Guwahati and Mumbai. And also we are working very closely with Adani. Adani itself has got 27 airports in pipeline. Okay.

I am not claiming on anything. But we are talking very seriously with them. They are also very serious. We will see how the things move. The idea and intention is that we get a sort of exclusivity with them. That is what we are working on. But nothing on paper so I am not discussing it.

CA Vikas:

Not interested. And apart from that is outdoor lighting. You are working on certain other government projects?

Amit Sheth:

Yes, we are working on.

CA Vikas:

Surat [24:50 Castle Land] other temple or any other?

Amit Sheth: We are working with Ahmedabad Tourism in a very big way. There are some huge inquiries and they should be concluded by next month. We are expecting. It is a very large value for a company like us. We are working very closely with Surat SMC, Municipal Corporation. And Surat Port was a part of that.

We are talking about complete. We are designing and developing a street light for SMC. And it is again a very large inquiry. That should. If it gets concluded, that is concluded in another six months' time. So yes, we are working very closely with government. We are working also.

We did Central Vista. We did Central Secretariat. It is a new Parliament House. It was not a complete project we did. But we were a part of it. We did a large sum of it through one of the channel partners. And now we are doing directly with L&T. And there are constant orders for Central Secretariat and Central Vista which are coming to us through L&T. Yes, so we have a fair amount of shares. And it is increasing in government sector.

CA Vikas: Okay, understood. And right now, as earlier you mentioned, this one is a certified channel partner. You are planning for the 60 channel partner in future?

Amit Sheth: I will just explain that. Thanks for asking this question. Sorry, you can go ahead and I will answer.

CA Vikas: No, this one. Right now, it is a certified channel partner and planning for total 60 including abroad Dubai and Saudi also. And you are confident about the INR50 lakh per channel partner in the year. Is my correct understanding?

Amit Sheth: So that is what I was coming to. So in terms of value, what happens with channel partners is, see channel partners, they don't work with one brand. They are working with multiple brands. Okay. The companies who open experience centers with us, they will be because they are invested with us. They focus more with us.

And it is channel partners, what they need is trust that their business is secured if they propose a brand. And some other partner will not take it or the company will not do direct business. And he is making some money out of it. These are the two securities. And of course, a certain level of appreciation is required. That is a motivational factor.

So if these three things are taken care, an average channel partner can give business somewhere between INR1 crores to INR5 crores. That is the potential of one channel partner in India. I'm not talking about Middle East. Okay. There might be some exceptions like sometimes a channel partner is working for some government project and it comes to us.

For example, we did a Google project with one of the channel partners in Bangalore. Then Central Secretariat was done with one of the channel partners from Bombay. Light Allies was our channel partner. So that's a spike. That's an additional business what we get. Till turnovers are concerned, it is how we give them trust. We give them technology. I don't think it should be a challenge.

CA Vikas: Wonderful. Thank you. Thank you for answering.

- Amit Sheth:** Can you keep this as a last call? It's already 33 minutes. We've been on the call.
- Moderator:** Sure, sir. Ladies and gentlemen, I now hand the conference over to Ms. Vaishnavi from Kirin Advisors for closing comments.
- Amit Sheth:** We can have one call it is if anybody is waiting in the line. Otherwise, we can conclude it.
- Vaishnavi:** Yes, we can continue with the last one.
- Moderator:** We take the next question from the line of Mukesh Panjwani from WC Securities. Please go ahead.
- Mukesh Panjwani:** Congratulations for the great set of numbers. It's operating really very well. But my question is that over the last two months, we have observed a significant decline with a stock price dropping from like 150 to 86, 87. And every day it is coming down like 3% to 4%, 5%, which is very unusual. That is why I am asking this question given in this bull market. So could you please shed some light on any factors that might be contributing to this decline?
- Amit Sheth:** No, it is you, investors. I should at this is one question which I have to ask rather than you asking me. Sorry, this is not my job to track day to day what is happening. Of course, it is. We are growing and we were expecting the market to react positively. But I think people are encashing profit and there are investors in the company for a very long time. And somewhere every investor is looking, is trying to make some profit out of it. So maybe that is the case.
- See from my side, I am more concerned about my business and market will be positive and it will respond to us positively if we are growing. And this is not happening from too much. This is happening from last six months where the results have been excellent and still market is not in this bull market also. Not responding.
- But again, as I told you, we feel that people are booking profits. And there are new investors coming in. So that is a cycle. Nothing always keeps going up, right? It is a cycle. It goes up, down. That is what I tell to myself. Okay.
- Mukesh Panjwani:** Okay. Last question. The retail lighting segment in this quarter increased from INR33 crores to INR52 crores. And the home segment declined from the last quarter it was INR6 crores. Now it is 2 crores?
- Amit Sheth:** See, you have to understand. There is a builder. I will just give you an example. Loda or DLS is coming out with a township. And you get the order. Then you will see a spike in one quarter. Which is a very normal thing. But it is not that DLS completed one project and he will come out with immediately a second project. So this is what I have been telling from day one that as a company, we are more into this type of large project business.
- We get some large, maybe our channel partner got a large contract of some builder. And that spike came in home segment. Yes, so this is cyclical. It will happen. Sometimes it will be infra. We got a very large project. We are working in Gujarat and one quarter you will see a jump. It will be a crazy jump. But that should not be taken as a benchmark.

- Mukesh Panjwani:** So what we are supplying to the builders will come under the home segment. Is that so?
- Amit Sheth:** No, what we supply our product to our channel partner which is a home product. If we have supplied, it comes in home segment. If we have developed a product for infra and we are supplied for infra, then it comes in the infra. Okay.
- Mukesh Panjwani:** So if the channel partner is supplying to the infra company, that would be considered under whom? Is that so?
- Amit Sheth:** Sorry?
- Mukesh Panjwani:** If the channel partner is supplying to an infra company, a builder, it would come under whom? Is that so?
- Amit Sheth:** We categorize from our product. So our products are designed for home. But these products are not restricted just to home. It might go into some office also. It might go into some other areas also.
- Mukesh Panjwani:** Got it.
- Amit Sheth:** And channel partners, if the project is very large, we are involved also in helping them in technical support. We give them technical support. But sometimes they don't even ask us. They don't even tell us what projects they are doing. Nether we are [33:44 inaudible]
- Mukesh Panjwani:** Got it. Okay, that's all from my side. Thanks a lot and all the best.
- Moderator:** Thank you. We take that as the last question for today. I would now like to hand the conference over to Ms. Vaishnavi from Kirin Advisors for closing comments.
- Vaishnavi:** Thank you, Seema. And thank you everyone for joining the conference call of Focus Lighting and Frictions Limited. If you have any queries, you can write us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference call.
- Amit Sheth:** Thank you.
- Moderator:** Thank you, members of the management. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.