

Date: 28th July, 2023

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

Scrip Symbol: FOCUS
Series: EQ

Sub: Transcript of the Earnings Conference Call for the Quarter ended 30th June, 2023.

Ref: Intimation of Earning Conference Call dated 21st July, 2023.

In furtherance to our Intimation of Earnings Conference Call dated 21st July, 2023 and pursuant to Regulation 30 read with Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call held in connection with the Un-Audited Financial Results of the Company for the Quarter ended 30th June, 2023 on 26th July, 2023, 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 & Fixtures Limited
Q1 FY '24 Results Conference Call”

July 26, 2023



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

MODERATOR: MS. KAJOL GOWDA – KIRIN ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY '24 Results Conference Call of Focus Lighting and Fixtures Limited hosted by Kirin Advisors Private Limited. 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 this conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded. Please note that the duration for the call will be for 45 minutes only. I now hand the conference over to Ms. Kajol Gowda from Kirin Advisors. Thank you and over to you ma'am.

Kajol Gowda: Thank you. Good afternoon everyone. Thank you for joining the conference call of Focus Lighting and Fixtures Limited. I would like to welcome Mr. Amit Sheth, Managing Director and Mr. Tarun Udeshi, Chief Financial Officer of Focus Lighting and Fixtures Limited. Tarun sir, over to you.

Tarun Udeshi: I extend a warm welcome to all of you for joining us in the first quarter conference call of Focus Lighting and Fixtures Limited. We are delighted to announce that we have started FY '24 on a strong note with an impressive performance of Q1 financial year '24. Our revenues have surged by 97% to reach INR52.98 crores. This remarkable growth can be attributed to the composition of value-added products, which led to the higher realization and subsequently a robust 289% increase in our EBITDA to INR12.77 crores, resulting in a doubled EBITDA margin of 24% as compared to the corresponding quarter of financial year '23.

Furthermore, our net profit has risen by around, outstanding 309% to INR9.17 crores with an improved NPM of 17.3%, reflecting a notable increase of 898 basis points. So, we have successfully established strong business verticals in various sectors, including retail lighting, home lighting, and infrastructure lighting and railways.

Our efforts in railway sector have been fruitful also. So, in regards to numbers, our total income from Q1 FY '23 is compared to FY '24 has jumped by 96.69%. So, in Q1 FY '23, it was INR26.93 crores. And Q1, it is INR52.98 crores. Our EBITDA has jumped by 289%, which was 3.28 in Q1 financial year '23, and it has come up to INR12.77 crores in FY '24. EBITDA margin also has doubled up from 12.17% to 24%. And net profit was INR2.24 crores in Q1 FY '23 and Q1 FY '24 it is INR9.17 crores. And profit margin was 8.32% in Q1 FY '23 and Q1 FY '24, it is 17.3%. As far as EPS is concerned, our EPS in Q1 FY '23 was 2.21 and now in this quarter one, it is 7.02.

Moderator: Thank you very much. We will now begin the question and answer session.

Amit Sheth: Tarun. Meanwhile, if you can just give, vertical wise, what are the turnovers and what are the profitability we have in terms of GP and NP, or whatever data you have, till the participants queue in. So we don't waste your time.

Tarun Udeshi: Correct. So vertical wise, we have total four retail, home, infra and railways. So in retail, we have done a turnover of INR32.84 crores, which is 64% of the turnover. In home, we have done INR8.25 crores, which is 16% of the turnover. In infra, we have done INR9.87 crores, which is 19% of the turnover. And in railways, we have done INR39 lakhs, which is 1% of the turnover.

So in margin wise retail, we have 46% margin. In home, we have 62% margin. In infra, we have 27% margin. In railways, we have 10% margin.

Analyst: Okay these are gross margins you are talking about, right?

Tarun Udeshi: These are gross margins; we are talking about.

Analyst: Okay, thank you, sir.

Amit Sheth: Yes, we can start with question and answer.

Moderator: Thank you very much. The first question is from the line of Vikash from Acorn Tree. Please go ahead.

Vikash: Yes, hi. One part is there, whether right now, we have the 1% in the railway contract. Whether we expand this one is there because another issue is there is a gross margin in this sector is very thin as compared to the other sector. What is the outlook in this sector?

Amit Sheth: So I have explained this in past also, I'll repeat it again I'll make it short for this. Railway, we are we are a development vendor right now. We have already applied for an approved vendor. Now there is a price difference when we bid as a development vendor and an approved vendor. So yes, there is a margin pressure in that. Also currently, we were not eligible for more than 20%. Once we had an approved vendor, we get eligibility to bid for 80% on a higher side. So till the time, we are not approved vendor, we are not looking at very lucrative turnovers and lucrative margins. Number one.

Number two, what we are doing is this is. So we have two things going in railway. One is where railways have existing products with them and we have developed those products and we are supplying those products. Second thing is, we are working with the railways for developing special lights for them, which will upgrade them to international standards.

So first time we have appointed from Europe a German designer, who is designing a couple of product for Vande Bharat. That's for heating light. They had a lot of problems in the working of the lights and they really wanted to upgrade also in terms of quality and finishing of the product. So we have taken that initiative.

We are designing at our cost. It is not at railways cost. We are doing the prototyping in a month's time, we will be submitting samples to them that, this is how we can improve the quality of it. If everything goes right, then we are getting a sort of a monopoly there. Once we are approved, the margins will improve. Gross margins and railway, we are expecting somewhere around 30% to 40% as gross margins with the higher volumes.

Vikash: Okay, understood. Sir, do we have any order book in the institutional side?

Amit Sheth: No, we only have visibilities, we don't have order books.

Vikash: Okay, no issue. Thank you.

- Moderator:** Thank you. Next question is from the line of Devesh from DS Investments. Please go ahead.
- Devesh:** Hi. I think partially it was answered in the previous answer, but just wanted to get an idea of the approved vendor status. Do we have communication or timeline? Because last, we sort of expected is around June, July.
- Tarun Udeshi:** Yes, see please understand this is a government institute and how government works and there are notification and changes that happens in government. So we according to their previous terms and conditions, we are already eligible for it and we have applied for it. Now the process is taking its own sweet time and we have no control on those processes, what is happening at the ICF, MCF and RCF level. So once we get some information, some notification, we'll come to know about it. We are expecting in a quarter, one quarter, we should be approved.
- But if there are some changes, so last when we met railway authorities, we understood that they are making some changes and they will come out with a fresh policy next month. So I don't know, what are those policies and are there any changes for development vendor process to approve vendor processes have changed or they are still the same. I have no idea on that. Enough now.
- Devesh:** Got it. Fair enough. And in coming to infra vertical, we announced two large projects, which was Bade baba Temple and Surat. Just wanted to understand, how do you see this year playing out both in terms of execution of those projects as well as any qualitative commentary on the pipeline.
- Tarun Udeshi:** Now projects are already supplied from our side. The execution, we are not we have execution is going on. Surat for will be completed in a month's time. So I'm talking about the execution part. We have done the supply part. Bade baba also, we have done the supply part. Execution is happening at their speed. There, we are not responsible for installation.
- We have not taken any [inaudible 0:09:32] job. Delhi airport also was one of the projects. Delhi airport then Central Secretary. Those are on-going projects, which are going on with us. There is a very high visibility for this year and next year to come. There are some very big projects, we are working till infra is concern.
- Devesh:** Okay great, thank you.
- Moderator:** Thank you. Next question is from the line of Yashwanti Khedkar, individual investor. Please go ahead.
- Yashwanti Khedkar:** Hello, so you just mentioned about this Bade Baba and the Surat for, just wanted to understand like, when we can book the revenue from this project?
- Tarun Udeshi:** We've already booked the revenue from this project.
- Yashwanti Khedkar:** Okay and sir, now the retail is contributing towards the higher portion of our revenue. So what is the guideline or what is the outlook you wanted to give? This is the one question and are we launching any new products or any product pipeline in the segment?

Amit Sheth:

Okay, so retail does contribute. We started as a retail lighting company, so naturally we have a very strong hold on retail. All other verticals are, some verticals are as young as four years old and some verticals have just started a year back or a year and a half, two years back. So those verticals, there is a good potential that, those verticals will grow over a period of time. Yes, currently now in terms of product development, our focus is more on three verticals, rather all the four verticals.

We are investing very heavily in retail segment where we are, we have already introduced some disruptive technologies. We will start getting some results once the die's and tools are ready. I'm expecting those die's and tools to be ready in a quarter time. It is disruptive purely because we are showing huge savings to the retailers.

Not only savings, there are certain constraints, they had. We are solving those problems and constraints, what they had, with that. That's the retail part. And it will improve our margins also because there is a technological barrier in the patented technology what we are introducing.

So till date, Focus is products of copied left, right and center and we could do little about it because it's a design copy and in India how it works but this is a technology. Forget about the patent part also. Technology is restricted to very few companies around the world and in Asia. So it's not going to be easy and possible to copy it. So that's the retail front.

Coming to home lighting, we are having a very heavy investment on home lighting. We are very optimistic. And if you would have listened carefully to Tarun also, the profitability in home lighting is one of the best today, what we have it. And there is a huge scope. We are just getting into home lighting in a bigger way. We are increasing our infrastructure in our country, specifically in India. And we are very bullish that home lighting will pick up. So what we are doing is, we are going into the mid segment and the premium segment in a very big way. Yes.

Yashwanti Khedkar:

Okay. Sir and you talked about that you are investing in the retail as well as in the home, the utilization in the home segment. So what kind of an investment, we can expect from the company for the current year?

Amit Sheth:

See, what we are doing is there are two areas, so I've not completed, sorry for that, home lighting, infrastructure lighting, infrastructure we are again developing a lot of technologies in infrastructure lighting. There are a few bottlenecks what industry had, we are trying to solve those bottlenecks and if we are successful, we will get those results. We have appointed two companies in Austria to do feasibility study.

So they are doing a survey and they are analysing five top companies in the world for infrastructure lighting and what are the problems they have and how we can solve those problems. Rest as sure, those problems are not solved by most of the industries and this is what we are trying to solve. We are not sure, we'll be able to solve it, but till now, the reports are very positive. And if things goes right, then we'll also get a virtual monopoly in infrastructure lighting.

I'll come back to your question. Railways I already informed, we are developing few new products for railway, which is a design, which is again a patented technology, which will be introduced by us. The designers, we have appointed in Germany to design this product, which

will not only upgrade the look and feel of a railway especially Vande Bharat but this will be used for other trains also but it also it will give durability. Railway has got a very wrong impression in front of the common man and we are trying to improve their image. Coming sorry what was the question on home lighting?

Yashwanti Khedkar: No, I just wanted to understand, what was the investment in the same segment? As you mentioned that, retail and the home lighting, your investing huge?

Amit Sheth: I'm really sorry, I don't have an investment segment wise? The reason we don't have, because most of the products, what we design and we develop, the technology, the components remains the same, the product changes. So the product design is different, but the components are similar. So for example, what we are designing for retail, if there is a technology, where we invest on the optical technology, which is patented, that technology is used also for other areas like infrastructure lighting.

But maybe the product design will change. Yes, so for me to tell you segment wise, what is an investment, I don't have the figures in hand. If you ask me, how many products are we developing, we are developing more than 100 products this year alone, which is a very large investment, which is a huge development.

This type of investment companies doing in a period of eight years to 10 years, we are doing it in one year time. Reason, why we are doing it in a one year time because we are very, very optimistic about it. We have got some solid response and if you see the growth, last year what home did or retail did, we are almost doubling up.

Yashwanti Khedkar: Okay. So these are, what would be the ballpark figure of investment in total technology for developing this new product?

Amit Sheth: See, currently feasibility study is going on. As I told you, we have appointed two companies to do feasibility study. So, the actual investment will come to us in another three months to four months' time in terms of products, in terms of technology and in terms of obstacles. But if you really want to have a ball mark figure, I can give you a rough figure of probably the, we are dividing it into three phases. So to just to start the business by ourselves, we will be investing INR5 crores to INR7 crores in it. But over a period of three years, we will be investing more than INR50 crores on it. INR50 crores- INR100 crores.

Yashwanti Khedkar: INR50 crores- INR100 crores. And the last bookkeeping question sir, would you be able to maintain this margin going forward or there is scope of improvement?

Amit Sheth: This question is again asked from the day, we have started this investor call. So the first result was the PAT was 13, the second result the PAT was 15, now the PAT is somewhere around 16 or 17 and the answer is very clear. We don't have to talk about that. The results show that yes, we are able to maintain it. We'll be improving it. We are very bullish that, we'll improve the PAT after probably two years when all this development will come through.

Yashwanti Khedkar: Okay, that is really great. Thanks for answering my question. And wish you the best...

- Amit Sheth:** It's very simple from our side that if you're working on technology, we get some sort of monopoly and we can improve our margin. We are not a commodity company. I've been repeatedly telling in all the investor calls, we don't want to get into the business where we work on commodities. So we want to enter into the areas, where people shy away. We are taking a lot of efforts in those areas. And these are the results of that.
- Yashwanti Khedkar:** Yes, that is what I actually want to understand as we are investing so heavily in the innovations and product development. So what kind of a picture, we can see for the company going forward? That is where the question was asked about maintaining or improving of the margins. Thank you so much, sir.
- Amit Sheth:** You're welcome.
- Moderator:** Thank you. Next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Yes, thanks for the opportunity. So just wanted to understand, you mentioned there are some bottlenecks which we are trying to solve for. If you can elaborate on that.
- Amit Sheth:** Madam, sorry, it is too technical to elaborate and to make you guys understand on a con call. If you are really interested, I will invite you to our factory or to come to our experience center. We have some documentation, white papers on it. So it is easy for us to explain it. On a con call, trust me, other people will sleep if I go into the details.
- Akshay Kothari:** Okay, no problem. And lastly...
- Amit Sheth:** I am sure you will appreciate this.
- Akshay Kothari:** Yes, sure, no problem. Sir, and lastly, you did mention that people actually shy away from this areas. So what is the reason? Is it the working capital constraint or why? Because if everyone is sensing the opportunity, why are they shying away?
- Amit Sheth:** I have no idea and it's so difficult for me to comment on this. Yes, why people, why companies are shying away. Just to make you understand, it was shocking to understand the feasibility report. I've just got an initial response on the feasibility report. I'll take two minutes because I'm just entering the security area and I need to keep at the airports. You have to bear me for flat two minutes. Okay.
- Akshay Kothari:** No problem.
- Moderator:** Participants, you may press star and one to ask a question.
- Amit Sheth:** Sorry, I was in a security area, so I'm at the airport right now.
- Akshay Kothari:** No problem, sir.
- Amit Sheth:** Apologies for the same. Yes, so what was the question? I just asked that.

Akshay Kothari: Yes, so I just asked, I don't know whether you are comfortable. I just asked, why are actually people shying away from the markets and all?

Amit Sheth: Yes, so, okay. As I told you, we did, whenever we develop something, we have a feasibility report from the companies, who are developing it. So what they do is they analyse our competitors. And normally, what we do is, since we are in an industry, wherein technically, we want our products to be very sound. So what we do is we analyse top five companies in the world.

Now, see, in any industry, there are problems and people get adjusted to those problems. Companies who have grown, companies like Uber, Ola or Twitter, you take any company, they have found a solution of the problems, which have been going on for years. And it's the same with the lighting industry.

There are some teething problems, some solutions, some problems, which are going on for years and people are just used to it. And we as a company, our job is that, if you want to enter a new vertical, we cannot wait for 15 years to 20 years and we cannot make wait on the marketing, just to get some value added to our brand or to our company.

What we do, what we want to do is we want to disrupt it. So there are problems and it's not only in lighting, I believe that, there are problems in every industry. And if you can solve those problems, those problems can be really big, those problems can be really small. Just to give one example since somebody asked.

So we were facing in Europe typically, labour is very expensive, we do a lot of retail. Now we want to enter retail or market in Europe. So typically, and retail is very dynamic, they keep changing their merchandise. Every three months, they change the merchandise, they change the look and feel and for that, they have to change the optics inside the luminaires from narrow, medium and wide. Now for that the person has to climb the ladder and do it. Now, a labour is expensive.

Most of the times, people don't do it because it's a tough job. You have to shut down the store or you have to do it in the night-time. So we came up with a solution. We developed an optic, where you can change the beam from narrow, medium and wide through an iPad, through a computer. A, you can, it's very easy to do it. You can do it at the store level or you can do it centralized. You can sit in one office in India and you can control the whole stores all over the world.

So, this is a small example of what we really try to do and this is where we come in. So it is just understanding the problems and trying to solve those problems that gives more value to your brand, to your company. And this is what, we are trying to do. Till other companies are concerned, I still have no idea or they are really big and they don't need to move themselves. Probably, that's the way it is.

Akshay Kothari: Understood. That's it from my side. Thanks a lot for explaining so well.

- Amit Sheth:** I'm sorry. I don't know how much you guys could understand. As I told, it's going to be too technical, if I go into that.
- Akshay Kothari:** No. This was perfectly understandable and not much technical. Thanks a lot, sir.
- Moderator:** Thank you. Next question is from the line of Prakash Jaiswal, individual investor. Please go ahead.
- Prakash Jaiswal:** Hello, good afternoon, sir.
- Amit Sheth:** Very good afternoon.
- Prakash Jaiswal:** Yes, congratulations for the great set of number. So my question is, sir, what is the current project?
- Amit Sheth:** You are the first one to congratulate, sir, so thank you very much. Tell me.
- Prakash Jaiswal:** Sir, what is the current project pipeline that we are having?
- Amit Sheth:** So as I told you and I have been telling in all the investors calls that we have visibility that, these are the projects, we are working on and this project might come in but we don't have order booking for three months, six months or one year. We don't have those type of pipelines. I am really sorry.
- Prakash Jaiswal:** No problem, sir. And sir, what revenue we can expect from the project segment in FY '24?
- Amit Sheth:** Again we are mainly a project company and I have been very, very clear and market reacted very negatively to this but I still stand on it and that it is very difficult for us to know. We always have spikes. If you ask me three years planning, I can give you. If you ask me five years planning, I can give you. But if you say that, what are the revenue you're expecting, I don't know, which orders will get finalized.
- We are working on very large orders, to make it simple. But those orders are dependent, when they have approvals, when they have, when the site is ready, when they have all the approval from the government or the government has got all the approvals to go ahead with the site, contractors have done their work, lighting comes in the end.
- So we have visibility that these are the orders, what will come but when it will come I don't know. We as a company, we don't know. Why we are sure that those projects will come because those are designed and built by us. Those projects, we have designed, we have specified our brand. So for large project, it is very difficult for a brand to change it overnight. So we only have the confidence that, those projects will come. But which month, which quarter, which year, I have no idea.
- Prakash Jaiswal:** Okay, sir, what last one is that, you are bidding for a project like temple, historic item and iconic project developed by any government sites?

Amit Sheth: We are big time bidding for infrastructure projects, we are big time bidding for city beautification projects because today city beautification is becoming a very big thing in India. Today Indian government is very serious for tourism and they want to really improve the image of this country. So that's where we come in and we are working very hard on those areas.

We are now investing a lot of time, money and energy on smart cities and in future, we are hopeful that, we will be doing something really innovative in smart cities. So we are introducing smart poles, where government can get revenue, government can control traffic, they get air quality, air pollution, or even if a woman is harassed on the street, the pole can make some siren or the pole can give notification to the police station.

All those IoT things have been integrated. So we are working on that. That is work in progress. And we will be doing some mock-ups and some demonstrations in coming quarters. And if everything goes right, then yes, then sky is the limit.

Prakash Jaiswal: And sir, any project bidded for the smart city?

Amit Sheth: That's what I said that, we are bidding for the smart city. We are developing a product, very innovative, modular system for smart city from EV charging to women's safety to revenue model for the government is what we are trying to do.

Prakash Jaiswal: Okay and sir, how is the process of bidding and any competition that you see in future?

Amit Sheth: There is always a competition. The competition is from the smallest company to the largest to the biggest company. So there is nothing called monopoly. Where we come in is, normally we've been called for two reasons where industry is not able to give solutions or what solution industry is giving, they are those are not compatible.

So these are the reasons we have been called. But after that also, after working on everything, there is a competition and we don't shy away from competition. We win because of our strength in terms of execution, in terms of technicality. We very proudly say that, we are whatever brands or companies, we are associated with, our association goes more than 10 years. So that is our strength. So if those companies are working, we are very proactive here. But the competition is everywhere.

Prakash Jaiswal: And sir, how is the process of for this bidding?

Amit Sheth: Government jobs are most of the time tenders. Private jobs, there are no tenders. The process is design, supply and execution.

Prakash Jaiswal: And sir, are we doing anything for railway on railway station front?

Amit Sheth: No, currently our focus is only on railway trains, lights for bogies that is our main focus. We will slowly get into that. It's a part of infrastructure and we are developing a lot of products for infrastructure lighting. So it is basically, it's a beautification facade beautification, façade illumination of railway stations. So that's where we will slowly get in. We will never get into

station lighting. Station lighting is commodity. The value is very low. The margins are very low. We are not a company to get into that, if that is your question.

Prakash Jaiswal: Okay. Thank you, sir. Thank you so much.

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

Devdeep Sarkar: Good afternoon. Congratulations on such a good set of numbers.

Amit Sheth: Thank you very much.

Devdeep Sarkar: So, I'd like to point that out. The company has been constantly making decisions that promote transparency and boost investors' confidence like stock splits to increase the affordability, liquidity, conference calls to make regular communications and increase transparency. So could we be certain that such decisions being made would even persist in the coming period? Like can we expect the conference calls to persist irrespective of a probably lean period in the business?

Amit Sheth: Sorry, I didn't get you. Can we what?

Devdeep Sarkar: Can we expect these conference calls to persist irrespective of any probable lean period in the business?

Amit Sheth: I still didn't understand. So what the question is that, can we have a conference call irrespective of what?

Devdeep Sarkar: Lean period like a down cycle probably in the business.

Amit Sheth: So you mean to say, if you have a down cycle, will we still have conference calls?

Devdeep Sarkar: Yes. Do we continue with this? As a boost to investor sentiments and everything.

Amit Sheth: Ye, why not we continue it. So ups and downs are part and parcel of business, right? And we've been very open and vocal to say that, we are a project company and we always won't have ups. Like December quarter was fantastic and investors were very happy and they reported very successfully. March quarter was less than December quarter.

We still had a conference call. So what is the question? What we are looking is the overall turnover of the company till the time we are surviving with the overall turnover. Yes, and if our turnovers also dip, there might be a dip on and off with the [inaudible 0:31:57]. Nothing is constant, right? So why would we shy away and why would we not have conference calls? Yes. So this thing is to answer it in a simple word, yes we are continuing with it.

Devdeep Sarkar: All right, thank you. So next I would like to ask, the company has 51% ownership in the subsidiary Xandos. Could you tell us, who the other stakeholders are and the primary functions of this business, the product manufactured under this subsidiary?

Amit Sheth: This was answered in last call also. And you should read the transcript or you should hear the transcript, which is available on the portal also. But again, I'll repeat it, since if you guys were not aware about it. So Xandos was basically created to do infrastructure projects. We as a company, we didn't have the strength and know-how on the infrastructure side, on the government side. Government and private players work very, very differently.

So we wanted somebody, who works with government. So we partnered with three individuals, who knew how government works. And we as a company, we knew what other products we can introduce, where we can have some sort of exclusivity, some sort of monopoly, or we can create projects. So that is why Xandos was created. What was your second question on Xandos? Who are the promoters of Xandos? They are all from the lighting industry.

Devdeep Sarkar: Who are part of this company?

Amit Sheth: One individual is from Delhi and two individuals are from Bombay. And out of two individuals, who are from Bombay, we are taking their stake and under Focus, we are requesting them to, for a buyback since there is no business till now, but we project a lot of other business to come in, big business to come in.

Devdeep Sarkar: All right. The products manufacturer, mainly the infra lighting product, right?

Amit Sheth: So in Xandos, we are not manufacturing anything. Xandos was more to do with large projects, infrastructure projects, but trading. And our future plan was that, the way ahead will be that whatever technology we are developing for infra, we will do trading till the time, we don't have products in hand. Once we have products manufactured by us, we will be introducing those products there.

Devdeep Sarkar: All right. Any further questions, I will come in queue. Thank you so much.

Amit Sheth: Sure.

Moderator: Thank you. Next question is from the line of Devdoot Sarkar, an individual investor. Please go ahead.

Devdoot Sarkar: Hello. Good afternoon. Thank you for the opportunity.

Amit Sheth: Yes, please. Very good afternoon.

Devdoot Sarkar: I have questions on the status of Trix and its output. There are three parts. On the product, as you have said before, out of the 100 products, how many are being sold now?

Amit Sheth: Sorry, what is your question?

Devdoot Sarkar: I heard in this conference call that there are 100 products that are developed in this year. So, how many are being sold now?

Amit Sheth: Those are development, new developments. You're talking about the new development, right?

- Devdoot Sarkar:** Yes.
- Amit Sheth:** New development products is in the pipeline. It's been designed, it has gone for the tooling. So once it is there, then we will be selling those products. And if we design something and if we develop something, we'll be selling each and every product. In terms of volume, in terms of absolute turnover of individual product, I don't have the figures in hand of the past product also. Forget about the new development.
- Devdoot Sarkar:** Okay. About the dealership and working capital, I understand, there is a plan to set up 1500 dealers over the next two years to three years. So have you started doing that outlet?
- Amit Sheth:** Okay. Yes, we are constantly increasing our dealer network. We are opening experience. So we are working on two areas. We are working on experience centres, company-owned experience centres. We have a wish list to open three experience centres this year, which we feel a little tight. And hopefully it happens. And we plan to have at least 10 to 15 new dealer and distributors for our company, channel partner. We call it as channel partners, not dealers and distributors. So they will be working exclusively for home segment.
- Devdoot Sarkar:** Okay. The payment terms and working capital requirement to stop the dealership pipeline, have you tested them?
- Amit Sheth:** Sorry, the payment terms and the working capital of what?
- Devdoot Sarkar:** Working capital requirement to stop this dealership pipeline? Have you tested them?
- Amit Sheth:** So the payment is 100% in advance, when it comes to dealer network, channel partners. So if a channel partner places some order, the channel partner pays 100% in advance and we give them the material. We have the basic raw material anyway with us. And as I told you that, the components are the same, the product may differ. So, till now, we have not gone probably, we don't have any pressure on the working capital till this segment is concerned. And this segment is highly profitable for us. Tarun, if you can just tell me what is the gross margin we have in home sector?
- Tarun Udeshi:** 62%, sir.
- Amit Sheth:** 62% is the gross margin. Now, you can imagine that, do you still think that, we will have a pressure on working capital?
- Devdoot Sarkar:** Okay. And the final point. Finally, during a B2C business and for the dealers to carry trade, we would have to be into pieces?
- Amit Sheth:** Sorry?
- Devdoot Sarkar:** In the marketing plan, during a B2C business, and for the dealers to carry trade, we would have to be into pieces. So, is the marketing plan and the budget more or less ready?
- Amit Sheth:** No, sorry, your voice is not clear.

- Devdoot Sarkar:** I'm asking, if the marketing plan and the budget is ready?
- Amit Sheth:** So the marketing is very simple with us. We normally, we participate in exhibitions. Last three years, we have not been very aggressive with exhibitions because there was not much of development though we were developing on and off. We were more focusing on the verticals and infra and railway was something, where we wanted of approvals and everything, eligibility and how do we, not something else. Now we've been working this year only on the product development side and we want to roll out a lot of products this year.
- So the marketing is in terms of exhibitions. People come, so the industry, the whole industry comes to the exhibitions. There are a few major exhibitions like for Instore Asia, for retail, Asec for home lighting and infrastructure lighting. So we participate in those exhibitions, where lighting consultants, architects, interior designers, they come in and we showcase them all the technologies we have. And that's how the marketing happens.
- The second source of marketing now as a company, we have approved is to go on social media. Social media is mainly for retail industry and for home lighting. That's where, we are focusing on social media. We are getting a neck of it. We are investing a small amount right now. And once we get our traction, we are a conservative company. We just don't want to get into it full-fledged and not get any, if we are not getting any traction. So we are taking baby steps in that.
- Once we get a good hold of it, once we understand that, okay, this is useful for us, we are not looking for immediate returns on it. We are looking for creating a brand image. Social media is more of creating a brand image for us. So if that happens, we'll be investing in social media in the near future also. Otherwise, if you're looking at TV ads or video ads or newspaper ads, no, we are not into that. That is, that just gives the commercially.
- For us, it is not working. Because this is not for the common people. This is not a commodity product. It's not bulbs, tubes, or what other companies are doing. So it doesn't make any sense to do marketing in those areas. I hope, I could answer the question what you had.
- Devdoot Sarkar:** Yes, thank you. Thank you so much and best of luck.
- Moderator:** Thank you very much. I now hand the conference over to Ms. Kajol Gowda for closing comments.
- Kajol Gowda:** Thanks everyone for joining the conference call of Focus Lighting and Fixtures Limited. If you have any queries, you can write us to research@kirinadvisors.com. Once again, thanks to everyone for joining the conference.
- Amit Sheth:** Thank you so much.
- Kajol Gowda:** Thank you.
- Amit Sheth:** Thank you.
- Moderator:** Thank you very much. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.