# IKIO LIGHTING LIMITED
(Formerly known as IKIO LIGHTING Pvt. Ltd.)
(CIN.:L31401DL2016PLC292884)

IKIO® Innovations Only.

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**Date: - 15th February 2025**

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| **BSE Limited**<br>Dalal Street,<br>Phiroze Jeejeebhoy Towers,<br>Mumbai 400 001<br>**Scrip Code:** 543923 | **The National Stock Exchange of India Limited**<br>Exchange Plaza, 5th Floor, Plot No. C/1,<br>G Block, Bandra-Kurla Complex,<br>Bandra (East), Mumbai 400 051.<br>**Symbol:** IKIO |

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q3 FY25 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 Q3 FY25 held on Monday, 10th February 2025 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

Digitally signed by SANDEEP KUMAR AGARWAL
Date: 2025.02.15 15:34:55 +05'30'

**Sandeep Kumar Agarwal**
**Company Secretary & Compliance Officer**

"IKIO Lighting Limited Q3 and 9 Months FY25 Earnings Conference Call"

**February 10, 2025**

**MANAGEMENT: MR. SANJEET SINGH - WHOLE-TIME DIRECTOR, IKIO LIGHTING LIMITED**
**MR. ATUL KUMAR JAIN - CHIEF FINANCIAL OFFICER, IKIO LIGHTING LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the IKIO Lighting Limited Q3 and 9-months FY25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suyash Samant from Stellar Investor Relations Advisors. Thank you and over to you, sir.

**Suyash Samant:** Thank you. Thank you everyone for joining us today. We have with us today the senior management team of IKIO Lighting Limited Mr. Sanjeet Singh – Whole-Time Director and Mr. Atul Kumar Jain – 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 quarter and nine months ended 31st December 2024 followed by a question-and-answer session.

Please note this call may contain some of the forward-looking statements which are completely based upon the Company's beliefs, opinions and expectations as of today. These statements are not a guarantee of the Company's future and involve unforeseen risks and uncertainties. The Company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Sanjeet Singh. Thank you and over to you, sir.

**Sanjeet Singh:** Thank you all of you for joining on the Q3 and 9-month FY25 Earnings Call. Our presentation has been uploaded on Stock Exchange, and I hope you all had a chance to have a look at it.

We are happy to mention that overall traction continues with revenue growth of 9% year-on-year to Rs. 374 crores in the 9-month FY25. This was on account of continued growth in product display and energy solution and other segments. I would like to take this opportunity to share the revised guidance of revenue to 12%-14% for FY25 on account of slowdown in the ODM business as the overall LED lighting market in India has been subdued.

Turning to the Q3 FY25 highlights:

Revenue grew 4% year-on-year but declined 3% quarter-on-quarter. This growth was driven by strong performance and sustained momentum in the product display, energy solutions, and other segments. However, this was partially offset by weakness in the ODM segment, reflecting the overall demand scenario for nine months FY25.

Now let me walk you through the key business initiatives we have undertaken to drive growth and share further insights on our progress:

We are happy to announce that we are selected under the PLI scheme under IKIO Solutions Private Limited, 100% subsidiary of IKIO Lighting Limited for white goods under LEDs. Also, we have successfully entered the gulf market for exporting our products under the product display segment and our progress has been strong. Recently, Ritech Holdings Limited, UAE, a 100% step-down subsidiary of IKIO Lighting Limited, entered into a joint venture agreement with AG Investments. This partnership aims to accelerate business growth by leveraging AG Investments' extensive network, providing access to a broader customer base across the Middle East.

Coming to the US market:

Beyond the RV business, we now supply industrial and solar products to ESCOs and our subsidiary has begun generating revenue. Additionally, Royalux LLC, a step-down subsidiary of IKIO Lighting Ltd, has signed an MOU with Metco Engineering, securing a commitment of USD 8 million in business over the next six months. As a result of an effort to diversify our revenue streams, our outside India contribution stands at 21% in nine months of FY25.

As you know, we have successfully commercialized block I of our 2 lakh square feet facility in May 2024, marking a key milestone in a larger 5 lakh square feet greenfield expansion project. Currently, civil construction is underway for block II, another 2 lakh square feet, which is expected to be completed by March 2025. We are on schedule and anticipate it to be commissioned within the expected timeframe.

Apart from this, we have expanded our portfolio to include hearables and wearables and the progress has been promising. Our strategy has always focused on diversification, ensuring we are not dependent on a single client or product. While the ODM business has experienced a slowdown, we are encouraged by the strong growth in emerging verticals such as product display, energy solutions and other segments. Notably, our reliance on the ODM business has declined with its revenue contribution dropping from 55% in 9 months FY24 to 45% in 9 months FY25, reinforcing our confidence in our strategic direction.

Coming to profitability:

In Q3 FY25, EBITDA and PAT margin was impacted on account of lower revenue in the ODM segment, front loading of expenses and higher depreciation on new facilities. In conclusion, we believe that expanding into new markets is crucial for diversifying our revenue streams, both in terms of products and geography. We are excited about the journey ahead as our new initiatives begin to yield long-term results.

With that, I conclude my remarks on our strategic direction. I now invite Mr. Atul to present the key financials.

**Atul Kumar Jain:** Thank you. Let me now take you through our Financial Performance and the Utilization of our IPO proceeds.

As mentioned earlier by Sanjeet sir, our growth trajectory continues in the first nine months of Financial Year '25. We witnessed a revenue growth of 9% year-on-year to Rs. 374 crores. And the growth margin remained largely stable at 41%.

The EBITDA stood at Rs. 54 crores in 9 months Financial Year '25 versus Rs. 76 crore in 9 months Financial Year '24. And PAT stood at Rs. 33 crore in 9 months Financial Year '25 versus Rs. 51 crore in 9 months Financial Year '24. In Q3 of Financial Year '25, our consolidated revenue up by 4% year-on-year and down by 3% quarter-on-quarter at Rs.121 crores.

The EBITDA margin was at 12%. As explained earlier, EBITDA was impacted on account of lower revenue in ODM segment, front loading of expenses like employee cost for new facility and product and higher depreciation on new facilities.

The PAT stood at Rs.8 crore. The growth was impacted due to high depreciation on account of commercialization of new facility Block I of the Greenfield Project effective May '24 and the reasons mentioned earlier for the EBITDA decline. Cash PAT stood healthy at Rs.148 million in Q3 Financial Year '25 and Rs.513 million in 9 months Financial Year '25.

On the IPO proceeds, the repayment of debt was completed immediately after the IPO. Block I is now operational. For Block II, civil construction is ongoing and completion is expected by March 25. We have now deployed around 68% of the IPO funds and are on the course to complete deploying the rest within the timeline we set for ourselves.

That's all we have from the Company side. I request the moderator to please open the forum for questions.

**Moderator:** Thank you so much, sir. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchstone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question comes from the line of Vipul Goel, an Individual Investor. Please go ahead.

**Vipul Goel:** Good afternoon to all. As Mr. Accounts Officer has explained everything regarding the expenses, I want to know further about the other operating expenses, which has been increased

173% year-on-year and 92% quarter nine months. Can you throw some light regarding the breakup, why these expenses have increased?

**Sanjeet Singh:** Hi, Mr. Vipul. Thank you for asking the question. Actually, the other expenses have increased on account of, I will throw some light on how our US operations are going on as of now. So, the subsidiary that we have in the US, which is Royalux LLC, so there we have two parts. One is the product that we are supplying to various categories, and one is the subcontracting. So, recently we have entered a new market in which we are working with the ESCOs. So, with those ESCOs, we are supplying products and there is part subcontracting as well. So, what is happening is that the subcontracting expenses are basically coming in the other expenses. So, if you remove these expenses from the subcontracting part, which we have incurred in Quarter 3, then our other expenses are actually in line with the previous quarters So, it is just an impact of how these numbers are being showed as of now because this new business that we have started on account of that.

**Vipul Goel:** Can I say something?

**Atul Kumar Jain:** Yes, sure.

**Vipul Goel:** Actually, with these expenses, the profit has been quite a lot down due to these expenses. I thought these expenses were the R&D expenses, which you said in earlier con-call that we are incurring a lot of expenses on the R&D. So, are R&D expenses included in these expenses, the operating expenses?

**Sanjeet Singh:** No, actually, I will clarify one more point before moving on. These expenses are not pulling down the PAT I would say because PAT margin which we are making, actually what is happening is in the Royalux LLC, we are supplying the product, we are doing subcontracting. And in that gross margins are lower, but the PAT that we are getting is getting healthy. PAT is healthy comparable to our traditional business. So, that is why the other expenses are definitely going up but it is not pulling down the PAT from that business. And the second part of your question, you were asking about the R&D expenses. I hope I am able to clarify about the other expenses.

**Vipul Goel:** Other expenses I got, but if the sales doesn't increase too much then ultimately the profit booked will be lower than if all expenses are loaded in these other operating expenses, if I presume?

**Sanjeet Singh:** Even if this, like in Quarter 3 the revenue was substantial from this business. Even going forward if the revenue is substantial and the percentage is increasing in terms of the revenue, it can still affect the EBITDA margins because the other expenses will be higher, but the bottomline the PAT it is adding healthy PAT margins to the business. So, that way we are not compromising the PAT when it comes to the business that we are doing over there.

**Vipul Goel:** Sir, but the PAT margins are down by 16.2% to 6.4% or its year-on-year from 10.3% to 6.4% quarter-on-quarter?

**Sanjeet Singh:** Yes, the PAT margins are going down on account of various other reasons as well. That is because even if I exclude this US figure, even if, in that case the PAT margins are going down, the major reason for that is the depreciation. So, depreciation in last quarter, Quarter 3, if I talk of absolute number, that was close to Rs. 7 crores and in the entire first 9 months the depreciation is Rs. 18 crores whereas if I compare it to last year then entire 9 months the depreciation was Rs. 8 crores. So, there is an increase of Rs. 10 crores in depreciation in the first 9 months of this year. So, that is one of the reasons which is because of which the PAT is lower, but cash PAT as we mentioned in the opening remark, they are comparable to last year numbers.

**Vipul Goel:** So, these would be moderated in the time to come, I suppose?

**Sanjeet Singh:** Yes, absolutely. So, because the depreciation we are incurred on the new facility, the plant and machinery, they are yet to give the kind of revenue that we are expecting from the new plant and machinery. So, as and when the revenue start adding up from the new units, the new customer base the verticals, automatically the effect will start negating.

**Vipul Goel:** But the last question about the R&D expenses, could you throw some light whether it's been included in the other operating expenses or they are very minimum?

**Atul Kumar Jain:** So, R&D expenses, major thing is R&D people cost, this is part of our employee cost, and if there are some other expenses, user expenses, it is part of other expenses. So, it is not…

**Sanjeet Singh:** So, other expenses nothing unusual apart from subcontracting.

**Vipul Goel:** Okay, other contracting expenses, mainly?

**Sanjeet Singh:** Yes. Nothing unusual apart from that.

**Vipul Goel:** Okay. Sir, I got the point. Thank you.

**Sanjeet Singh:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Hello, good evening sir. Thank you so much for taking my question. Hope I'm audible.

**Sanjeet Singh:** Yes, please go ahead.

**Darshil Jhaveri:** Hi sir. Just so to expand on the previous participant's question. So, when you say our subcontracting expenses, so how much revenue we have booked and what was the subcontracting expense? Would you have a figure for that available?

**Sanjeet Singh:** So, you are asking about the breakup of the subcontracting?

**Darshil Jhaveri:** Yes, right, because we are saying that our expenses have increased because of that, so right, because we just wanted to know how much revenue has flown in because of this and...

**Sanjeet Singh:** Yes, so basically the expense that we incurred on just the subcontracting is close to around Rs. 12.5 crores to Rs. 12.7 crores. That is how much we have spent on that but like I mentioned you know we were able to garner decent or healthy PAT margins and pat margins were close to the tune of around between 9.5% to 10%.

**Darshil Jhaveri:** Okay, so we were able to garner our standard PAT margin on this?

**Sanjeet Singh:** Yes.

**Darshil Jhaveri:** So, then if we so if we be able to garner those margins then why has our EBIITDA decreased like, why has it come down to 12% because revenue would be, even if there's higher other expenses EBITDA should be in the normal range. So, is there something other that's driving the EBITDA down further because we're just trying to reconcile that sir?

**Sanjeet Singh:** Actually there are a few reasons why the EBITDA is lower than if you compare it to the previous quarter and traditionally also. The reason for that is our traditional business, the ODM business is much lower than what we had anticipated this year and that is one of the reasons but I would still say the silver lining is that instead apart from degrowth in that segment, we are still growing this year that is because our other verticals have been performing well and that is a good sign for the coming time. And apart from that, onboarding of expenses for the new businesses that we are, we have kickstarted a lot of new projects, new product categories, new product lines. So, onboarding of expenses that is still happening and those new streams are yet to give the revenue which will come at a later stage, maybe every quarter or two, like last year we started the business for the UAE, the Middle East so now the revenue has started coming in from that particular division, so likewise when all these new verticals when they will start bringing in the revenue so this effect will start going down and last quarter also one more thing happened is that in our hearable, wearable segment we onboarded a couple of clients. So, being the festive season, we were given very short time to execute certain orders. So, we took a strategic decision to supply those products at very bleak margins. It was done purposely in order to onboard those clients. Otherwise, we had to wait for another at least a year for that cycle to come to bring them onboard. So, that was some strategic decision that we took. And now what has happened is the plan that we are getting from those two particular clients for the next year is pretty handsome. So, that was something that we did and on top of that, slight effect of the product mix in the product display segment that also changed the COGS slightly from a couple of percentage points so all these factors contributed to the EBITDA margins coming down, but most of the reasons that you know like traditional business like I said is going down but what we are doing to negate that effect or counter that is we are working with 3-4 lighting companies. We have already started discussions. In certain cases, we are in the process of submitting samples, approvals, all of that is happening. And I think we believe that it is just a matter of couple of quarters and this ODM business will also, I mean the effect will start coming down in terms of the droppage.

**Darshil Jhaveri:** Okay, fair enough. Got it, sir. So, I just wanted to know sir, so we had given a guidance of around 20% growth, so like how do we see that happening like right now, any guidance you want to give on revenue for FY25 and 26 and similarly on EBITDA, what would we say what range would be in this year and next year, sir?

**Sanjeet Singh:** So, for this year, although we had given a guidance of revenue guidance of 20% increase, but due to the decline in our ODM business, it has come down. So, first nine months, our revenue increase is close to around 8.9%. And by the end of the year, we are expecting it, like I mentioned in the opening remarks also, between 12% to 14% due to all the various reasons that we have highlighted and EBITDA margin will remain in the range where it is right now close to around for this year around 14% is what we are expecting and in terms of next year we are yet to finalize the budget we are working on that but definitely the progress next year is going to be much better than what we have done this year. So, once you know the final budget is ready, which will be by the next month, we will definitely give some guidance, proper guidance in terms of EBITDA and revenue growth in the next probably in the next earnings call. I think there was one more part of your question which I am missing.

**Darshil Jhaveri:** No, I think that's just like one question, last question from my end.

**Sanjeet Singh:** So, next one thing sorry, just one thing wanted to add. If we like you were asking about the drop in the revenue. So, if let's say our ODM business would have even remained flattish this year, even then, we would have achieved our target of 20%. This we did some calculation basis on assuming that if the business would have remained flat in the ODM division, also still we would have made 20% growth in revenue. But nonetheless, we are working on that, and this year we should be closing at around 12% to 14%.

**Darshil Jhaveri:** Okay, got it. So, just last question from my end, sir. So, our depreciation has already increased and now the Block II we are going to start. So, what impact on depreciation will it have like next year going forward sir? So, what's our capacity utilization currently sir and how will that also be impacted?

**Sanjeet Singh:** So, like I mentioned, we are working very closely with 3-4 new customers and apart from that I'm sure we mentioned about Honeywell as well in the previous earnings call. So, we are working very closely with Honeywell as well for their fire alarm systems, sensors and all these category of product and the prospect looks very promising, and it is just a matter of time. The new plant that we have set up, business has already started, but it's just taking some time for the product approvals onboarding it. All these things, it's not as straightforward as it looks, the approvals are already there. We have already supplied some trial lots. And now going forward from next year onwards, these new areas will start showing the revenue and all of this business is going to come from the new plant itself.

**Darshil Jhaveri:** Okay, so in terms of capacity, what we are at currently and how much do we expect it to be next because the new capacity is also large, 2 lakh square feet capacity. So, I just wanted to know how would it turn out?

**Sanjeet Singh:** So, you're asking specifically about the new facility, right?

**Darshil Jhaveri:** Overall, what's the current overall capacity utilization and what do we expect the new capacity after the new plant capacity realization scaleup? I can understand it will not be the optimum in the Q1 needs scale up. How do we just look at it, sir?

**Sanjeet Singh:** So, the new plant, there are two parts to it. One is the backward integration that we are doing. So, there it is progressing really well because it is applying to all, the different verticals that we are into. So, that unit is generating a handsome revenue in terms of the product that it is making for all the different verticals that we are in and we are gradually expanding its, the potential of that plant basis on the requirement. So, if you look at that plant nine months before or six months before and if you look at that plant today a lot of machinery manpower, it is constantly getting added because of the requirement for the other plants and the second part of the new plant which is you know the finished products which will go out to the end customers. So, that is something that has also already started but it will show its effect in the next financial year as the business starts ramping up with these new customers.

**Darshil Jhaveri:** Okay, thank you. That's it from my side. All the best. Thank you.

**Sanjeet Singh:** Thank you, Mr. Darshil.

**Moderator:** Thank you. A reminder to all participants, you may press '*' and '1' to ask questions. The next question comes from the line of Pawan from Bullseye. Please go ahead.

**Pawan:** Sir, my question is, in spite of adding a new geographical addition, right, and also we have backboard integrated and also we have added some new products, but we don't see any incremental revenue coming up. Yes, in the previous call you mentioned that our ODM business has hampered, right? And but since we have the backward integration, then so that also that margin could also be offset by the backward integrations, where we have seen margins falling in ODM. So, any specific reason or how do we see in spite of taking these steps, we do not see any incremental revenue added. And also on margins once we are not able to maintain the previous margins as well?

**Sanjeet Singh:** Thank you, Mr. Pawan for asking the question. So, to answer your question, I will repeat some of the parts that I have presented in a different way. So, what happened is, the ODM business, you can see that there is a decline in the nine months, that is the decline is around 10%. So, like I said, even if the business would have been flattish, we would have reached our target of 20% revenue growth. But at the same time, when we had planned out the entire year, as per the scenario where we were sitting at that point in time, we were expecting a growth of around 8% to 9% even in the ODM business. So, I was just mentioning that if that would have remained flattish, we would have seen a revenue growth of 20%. So, imagine if that business would have seen a growth of organic growth of 7%-8%-9% also, then the number would have been higher than what we had anticipated. So, it was just on account of the market situation being such, the demand was not there. And we are not just sitting and waiting for the market to provide this opportunity. We are expanding our portfolio; we are expanding our customer base also. In the same segment, we are talking to around four companies, lighting companies, and with 2-3 of them, the discussions are in advanced stages. But, this industry, what happens is it takes a lot of time to convert an idea into a product, get the approvals from the customer, do the trial runs. So, it's a long process. So, this year, the year that has gone by, we are sitting in the fourth quarter, we believe that this year was mainly in establishing our new relationships that we have done really well, I would say. And going forward in the next financial year, we will start reaping the benefits of the relationships that we have established. In terms of the, I would say, the backward integration or the preparedness of our development team, everybody is aligned with the plan that we are going to execute next year. Everything is aligned for that and we do have the capability and the expertise to execute all of that. It's just been unfortunate that one particular division did not really perform up to the mark due to all the various factors that were there in the market, but otherwise we were on course with our plan of execution. And like I mentioned previously also, the EBITDA margin going down is largely to 3-4 points which I previously have also explained in detail.

**Pawan:** And also one more question is like, in one of our interviews we mentioned that the new capacity which will be coming right, so you would have asset turn of almost of 3 to 4 times. So, the production which has started in March 24th, so are we on track to have such a kind of asset turn from that facility?

**Sanjeet Singh:** Actually, the tower one got commercialized in May 2024 and that was just the commercialization but post that, like I said, it takes time to bring in the client, start manufacturing. The other part of the same plant which is doing for the captive usage that is progressing really well because it is supplying to all the different verticals that we are doing. But this unit also, the relationships have been established, like I said, in certain cases, like with Honeywell, we are in very advanced stages. In fact, we have done some trial lots as well. So, it's now just about ramping up and maturing the relationships that we have established. So, that is going to happen from quarter one of next year.

**Moderator:** Thank you. The next question comes from the line of Nilesh Sharma from Anantnath Skycon Private Limited. Please go ahead.

**Nilesh Sharma:** Good afternoon sir.

**Sanjeet Singh:** Good afternoon.

**Nilesh Sharma:** Sir, my question is related to our earlier Q2 con-call, where one of our colleagues asked that IKIO World is a similar website and Mr. Hardeep Singh answered that it is our customer and we have no relation with IKIO World. But Mr. Ekamdeep Singh, who is founder of IKIO World, is earlier partner of RLPL, which is Royalux Plating Private Limited with Hardeep Singh. So, why management has not disclosed that IKIO World is somewhere related to our promoters?

**Sanjeet Singh:** So, we have actually talked about this. I'm not sure whether you've been part of those calls or not earlier, very early on, during our IPO journey, these things they came up and we had very clearly mentioned that Mr. Ekam is the son of Mr. Hardeep. He has his business in the US that has got nothing to do with the business that we are doing here in India. So, basically the name is similar because that was kept many years back and at that point in time there were no plans of us going public. So, this we have discussed in detail. So, there is nothing that we have not spoken about or it is not mentioned anywhere. So, if you go back a little further as well, I would say one and a half to two years back. So, we did discuss a lot about this and everybody, all the investors whom we met or public in large during our earnings call earlier as well, we have discussed about this. So, but if you talk of the business that is there in India and the business that is there, he is definitely one of our customers for the export this thing but in terms of revenue, it is very negligible. And it is done at arm's length as well. I would say the revenue that, that relationship is doing is, I don't have that figure as of now in front of me, but in the overall scheme of things, it is very small.

**Nilesh Sharma:** Okay, but being an investor, our concern is, is there any major portion of our revenues with IKIO World? And if it is, and Mr. Hardeep Singh is father of Ekamdeep Singh, so how we can assess the situation although everything that you mentioned is available on public platform. But in last con-call, you just mentioned Mr. Hardeep Singh and mentioned they are only our customer, no relation with them. But they are closely associated with us around 3 to 4 years back.

**Sanjeet Singh:** He must have meant that there is no relation with the Company, but there is no denying the fact that he is his son. So, that is obviously there, but he must have meant that there is no relation between the companies. That is absolutely there. There is no relation. I don't have the numbers, but just to throw around the figure, I don't think it is even 1% of the overall business that we are doing. So, that is hardly anything.

**Nilesh Sharma:** Okay, perfectly fine sir. Any guidance for next year because in this year we have cut down our guidance from 20% to 25% to 12% to 15%. So, how we can expect about next financial year?

**Sanjeet Singh:** So, next financial year we are still in the process of making the final budget like I mentioned earlier which should be ready, the final budget should be ready in March. We are preparing that. But I don't, I cannot really give guidance, formal guidance as of now until I have the budget presented by the finance team and the business head. But what I can guide is basically that the performance will definitely be better looking at the relationships that we have established, which will start maturing pretty soon. Some of it has already, like the UAE business, this year we will be ending with a substantial figure being our first year and that too the operation started from what I remember probably in May. So, next year from that business also we are expecting good growth. So, likewise the Honeywell business and the new relationships that we are in the process of establishing all of that will start kicking in and the next year is going to be a promising one for us.

**Nilesh Sharma:** Okay, sir. One last question. How do you see the perspective of future trade war between US and China? Is there any threat of dumping of LED lights in India in our lighting business?

**Sanjeet Singh:** See, I don't see that happening, but I would say that what is happening politically as of now. Every day we also get to hear new things, but looking at the relationship that India and US, they both share, I think the only thing that we can look is that we will get an advantage out of whatever is happening as of now. So, looking at the longer-term situation, I think we will end up having an advantage out of the current scenario.

**Nilesh Sharma:** Our question is threatening from the China over supply to India. How we can compete with the pricing power of China?

**Sanjeet Singh:** So, that I don't think is going to happen because Indian government is playing its cards really safely and smartly. And if that was the case to happen then you must be aware of all the restrictions that India has put and whatever is happening politically, it's out there in the world for everyone to see. So, we don't see that as a threat at all. And even let's say if that is a possibility, although it's not, just in case, just hypothetically speaking, if that is a possibility, but we are well equipped with what we are doing. So, initially in our early calls also, we have spoken about this in detail, especially for the US market, because we are not in India, let's say not in India, but in other parts of the world, we are anyways competing with China. So, the UAE market is one big example. We are competing with the players who are importing products from China. That is their main country of import. And but we are still winning in terms of the pricing and the quality. So, we are really in terms of quality, I would say ahead. And in terms of pricing, I would say at par with them. So, we don't really see that as a threat.

**Nilesh Sharma:** Okay. Thank you so much, sir, for a detailed answer. And we would like to visit your plant. Is there any possibility?

**Sanjeet Singh:** Definitely you can get in touch with the Company secretary. The email is in the public forums. You can get in touch, and they will align for that plant visit.

**Nilesh Sharma:** Okay. Thank you so much, sir, and wishing you all the very best for your next financial year.

**Sanjeet Singh:** Thank you, Mr. Nilesh.

**Moderator:** Thank you. The next question comes from the line of Divesh Jain from Citibank. Please go ahead.

**Divesh Jain:** So, basically in the last quarter, it was explained that we might get into new businesses. So, like, I mean, any updates on that, what businesses we are trying to venture into now; which new products that we are trying to get into?

**Sanjeet Singh:** So, we have already discussed about that in bits and pieces during the entire call. So, if I talk about new businesses, we have already discussed in the previous earnings call as well, the one of the new businesses is the hearables and wearables category that we have recently ventured into UAE as a geography because the products are completely new. So, I would say that segment is also in terms of products also is new for us. That is something that, and within that Middle East region, now we are capturing more and more countries because each country has its own certification requirement. So, we started with just UAE to begin with, and now we are capturing other geographies around that Middle East area as we are progressing with our certifications and product approvals. So, that is something that is going on. Apart from that, Honeywell is one example that we have been talking of and it is maturing quite well in terms of the portfolio that we see, the portfolio build up that we see with them and the kind of business that we can do with them in the coming future. And in the lighting industry, again, like I mentioned, due to confidentiality, I will not be able to name the branch. Maybe, we will be able to once we are in that position, but we are working with four brands as of now in terms of the new products that we are developing for them. So, all of this is happening and some of the new businesses are already generating revenue. They are adding onto the revenue and because of that, even after a sharp decline in the ODM business, we are still growing. So, I would say that that is really what is keeping us excited about the coming days.

**Divesh Jain:** I understand the hearables and wearables piece, because I think we were the original, like we were manufacturing DVDs and all. So, I think we already have niche over there, like we already had the capabilities or the learnings from there. But like any other plans to manufacture white goods or because since we have a lot of factories, like and probably are we like thinking towards those lines or entering into new products, other new products as well?

**Sanjeet Singh:** So, right now we are focusing on these, the product categories or the strengths that we already have. We are also diversifying in electronics as well because that is one innate strength that we have had for more than 20 years now. So, when I say electronics, so basically PCB assemblies where you know we are doing some of that part for we started for automotive as well, which we have talked in the recent past too. So, we are right now focusing on these strengths that we currently have and diversifying within our strengths and going forward, I mean, these new categories and geographies is what our plan is for at least the next foreseeable future.

**Divesh Jain:** Good. Thanks, that's all my questions.

**Sanjeet Singh:** Thank you so much. Thank you.

**Moderator:** Thank you. The next question comes from the line of Harshit Khadka from RoboCapital. Please go ahead.

**Harshit Khadka:** Thank you for the opportunity. So, sir, considering you had once mentioned an asset turnover of around 4x, could you provide an outlook on, do you have any plans on achieving a topline of 1,000 Cr.?

**Sanjeet Singh:** This question I would like to take slightly differently. Asset turn definitely we have talked of that many times in the past and this is something that I still stand by that our asset turn for the new plant also will be in the tune of where historically around 4 to 5 times historically we have always been in that range. It's just a matter of time as I always say. So, whatever efforts we are taking today will start reaping benefits and some of them have already started and that is why hence the growth that we are seeing. So, that that will happen but it's just a matter of time and I would say you will get an idea of where we plan to go and how much time it might take by the revenue guidance that we will give in the next earnings call because we will be ready with that in March so I do have some tentative numbers which I cannot discuss as of now. But you'll get a sense of the strategy and where we are moving ahead.

**Harshit Khadka:** Alright, thank you.

**Sanjeet Singh:** Thank you, Mr. Harshit.

**Moderator:** Thank you. The next question comes from the line of Pawan from Bullseye. Please go ahead.

**Pawan:** I was dropped from the previous call. So, I just wanted to ask, so can we retain our EBITDA margins back to our normal margins, which were 18% to 20% in coming FY26?

**Sanjeet Singh:** So, last year also when we gave the guidance, our EBITDA margins were in the guidance also were in that range only that was considering the performance of our ongoing ODM business as well as the display lighting business, all of that. But now keeping in mind where your ODM business is shifting, so I think I will be in a better position to answer this question in the next earning call when we have an elaborate plan of how we are looking at things for the next year.

**Pawan:** So, any ballpark figure, so not that, but at least from the other since we are also backward integrated right, so that would also add some margins going forward.

**Sanjeet Singh:** That is definitely helping, but at the same time I did give out a few reasons why the EBITDA margin has gone down this year compared to last year. So, that effect will stay for maybe a quarter or two and will start negating beyond that once we start generating revenues from the newer verticals because we have done a lot of onboarding of expenses and that will start negating once we start generating the substantial revenues from these business verticals. So, that will happen, but till what extent we will be able to improve in the next quarter or the next six months, that we will be in a much better position once I have the exact budget for the next financial year. But our plans are to definitely improve on where we stand today and that will automatically start happening once the business starts getting developed with the newer verticals.

**Pawan:** Okay, because this, as you mentioned, right, these are temporary thing which is the front loading of expenses has already been done, right. Once revenue starts kicking in and the higher depreciation which we are doing, right? So, this is one of temporary thing. So, going forward, once the revenue increases, we should get back to our margins, right? So, do you think the ODM margins remain subdued, which we have for this quarter? Going forward also they will remain the same?

**Sanjeet Singh:** So, as of now I can talk of the previous quarter and the quarter where we are sitting as of now. So, the ongoing quarter will also see similar numbers when it comes to the ODM business. We will start improving on that whether that is now done through the new verticals, new business that we will be adding on or how we will take that, that you eventually will start developing with the passage of time. But for the existing quarter, just for the ODM business, you can consider the existing performance itself. But like I mentioned, we are already working on with other companies and other product categories and that effect will start coming in probably from the second quarter of next year for the ODM business.

**Pawan:** Thank you, sir.

**Sanjeet Singh:** Thank you so much, Mr. Pawan.

**Moderator:** Thank you so much. The next question comes from the line of Jason from SF Private Limited. Please go ahead.

**Jason:** Good morning, or good evening rather. A question about our UAE business. Sorry, I have joined a tad late. Do we have any revenue guidance on how also, if I could club it, how are the business going on in UAE?

**Sanjeet Singh:** So, honestly speaking, this was our first year and not even an entire year. It's been only 6 months we started our operations in UAE. And if you consider just this much part, if you consider just six months for….

**Moderator:** Ladies and gentlemen, the management has got disconnected. I would request you all to stay online while I get them connected, thank you. Ladies and gentlemen, the management is back online. Please go ahead, sir.

**Sanjeet Singh:** So, I was talking about, we have just spent six months when it comes to this new vertical. And looking at the performance that we have done in these six months and the relationships that we have built, we are very happy with the progress that we have made in this market. And next year is also looking very promising. So, by the end of this year, we will show you the progress that we have made in this year in terms of the revenue that this particular region has generated for us and what are the numbers that we are looking for in the next year. But again, coming back to that point, within just a matter of six months, the kind of relationships that we have established and the number of projects that we have done, it is really something to, I would say that people really appreciate what we are doing in that particular region.

**Jason:** So, sir, are you able to give any revenue guidance starting after the Q4 for next financial year?

**Sanjeet Singh:** So, during the Q4 earnings call, we will definitely put out some guidance for the next year, so which will include the entire business. So, in that call, if you want, we can give some guidance of what are the numbers that we are looking at in the Middle Eastern market.

**Jason:** Okay, my other question was related to the RV business with respect to US Geography. So, how can you give some color to it?

**Sanjeet Singh:** Sorry, RV business?

**Jason:** Yes.

**Sanjeet Singh:** So, what was your question again?

**Jason:** So, you have mentioned regarding the RV business you have in US geography, how is it looking for next financial year?

**Sanjeet Singh:** So, RV business is also progressing. There were some hiccups in between which were related to the inventories which were built up there in the US. So, that was one major hurdle that we have now sort of crossed. It is developing well. We have, there was one big difference earlier. We were working through, I would say, not exactly, there was there was a middle man I would say in between earlier when we were working in that particular market and now we have our own sales team present there so this is an update that we gave in the previous earnings call as well.

So, now we are getting much better clarity and things are progressing well. So, regarding next year also I think with the next earnings call once we have the numbers planned out we can give you a formal guidance or a tentative idea of how this market is looking.

**Jason:** Thank you. I'm looking forward for the next quarter. Thank you for your time. Thank you.

**Sanjeet Singh:** Thank you. Jason.

**Moderator:** The next question comes from the line of Sanjay Sood, an Individual Investor. Please go ahead.

**Sanjay Sood:** Thanks for giving me the opportunity. In fact, just now what was discussed, I was the person who asked this question about this IKIO in United States. So, just a point to highlight that it may be a good practice to basically declare how much worth of value the business you have done with them, they have purchased, because some kind of negotiation also takes place. Now, that's just to highlight. And my only question is that you are going to change the name. Now, some voting is going on. So. all these products you'll be making, do you have any plans to make?

**Sanjeet Singh:** Sorry, what was your last part?

**Sanjay Sood:** Like you have highlighted washing machine and so many other products. Do you have actually plans to make all these products?

**Sanjeet Singh:** Okay, so I will take your question one-by-one. The first part of your question was regarding the business value. That number we can definitely, at the time of making the final balance sheet, we can definitely put out that number, how much of entire, the business between India and that Company Mr. Hardeep's son's Company, we can definitely put that number out. So, it's like I said it's not a big amount and on top of that we are doing that at arm's length, no matter what the relation is because we have to make sure that is something that we always follow. So, we are doing that at arms length. So, we will give you that figure by the fourth quarter once we have the number for the entire year. And coming back to the second part of your question, which was…

**Sanjay Sood:** Name change and many products what you are planning to make?

**Sanjeet Singh:** So, the name change is basically being done because we are diversifying, we are already doing a lot. So, if we break up our revenue, a certain part is coming from lighting products and there is still a sizable chunk which is coming from non-lighting. So, in order to be more accessible to our customers in terms of their understanding of our Company, that was a decision that we took and in fact we were thinking about it since quite some quarters now because on the face of it, it looks like we are just a lighting Company whereas if you dive deep, we are doing a lot more than just lighting. So, that was done with that intention and the reason why all these things have been added is because just to give broader this thing and leverage to ourselves because now this name is going to stay with us for years to come, eternity to come for that matter. So, it was done with that intention. But like I mentioned, all the new avenues where we are working, we have clearly laid out all the new avenues and we are focusing on that as of now.

**Sanjay Sood:** Okay, and my last question, when do you think your like third bank, this will be ready, Block II will be ready by March or April, when do you think you will be achieving maybe 50% of capacity utilization of the plant?

**Moderator:** Sorry to interrupt, Sanjay, you are not audible. Could you please go to a location where the network is better? Thank you.

**Sanjay Sood:** My last question is that since your Block 1 was commissioned and Block 2 is about to be commissioned, so when do you think both these blocks will be at least utilization will be 50%?

**Sanjeet Singh:** So, Block II, the construction work will be finished by March, April. Commissioning of that will take another couple of quarters, at least, because that is the time that it takes for setting up of the plant and machinery, the lines and everything and that is all based on as and when our existing new business verticals or the new relationships that once they start maturing that is when we start utilizing those plants to that tune. So, I think I will be in a better position to give you a percentage for that sense, maybe in the first quarter of the next financial year when we, because we are in the phase of now starting some of those relationships or some of those products that we are about to start with. And once we start and once we have some definitive plans in terms of the volumes which we already have, but in terms of exact timelines, I think then we will be in a better state to give you a proper figure in terms of percentage.

**Sanjay Sood:** Thank you. That answers.

**Sanjeet Singh:** Thank you so much, Mr. Sanjay.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sanjeet Singh for the closing comments.

**Sanjeet Singh:** Thank you so much, everyone, for taking out time and asking us all the important questions that you did. And looking forward to seeing you all in the next earnings call and looking forward to our journey with you and journey with the growth that we are expecting for the next year. Thank you so much.

**Atul Kumar Jain:** Thank you. Thank you everyone.

**Moderator:** Ladies and gentlemen, on behalf of IKIO Lighting Limited, that concludes this conference. You may now disconnect your lines. Thank you.