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Date: - 14th November, 2025

BSE Limited Dalal Street, Phiroze Jeejeebhoy Towers, Mumbai 400 001 Scrip Code: 543923	The National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Symbol: IKIO
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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q2 & H1 FY26 Earning 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 Earning Conference Call for Q2 & H1 FY26 held on Monday, 10th November, 2025 is attached.

The same is also being hosted on the Company's website at <https://ikiotech.com>

You are requested to take the same on record.

**Thanking You,
For IKIO Technologies Limited**

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KUMAR SANDEEP KUMAR
AGARWAL AGARWAL
Date: 2025.11.14
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Sandeep Kumar Agarwal
Company Secretary & Compliance Officer



**“IKIO Technologies Limited
Q2 & H1 FY 26 Earnings Conference Call”**

November 10, 2025



**MANAGEMENT: MR. HARDEEP SINGH – CHAIRMAN AND MANAGING
DIRECTOR, IKIO TECHNOLOGIES LIMITED
MR. SANJEET SINGH – WHOLE TIME DIRECTOR, ,
CHIEF FINANCIAL OFFICER AND GROUP CHIEF
EXECUTIVE OFFICER - IKIO TECHNOLOGIES LIMITED**

MODERATOR: MR. SUYASH SAMANT – STELLAR IR ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to the IKIO Technologies Limited Q2 and H1 FY '26 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 this conference, please signal an operator by pressing star and then zero 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. Good afternoon, everyone, and thank you for joining us today.

We have with us today the Senior Management Team of IKIO Technologies Limited, Mr. Hardeep Singh – Chairman and Managing Director; Mr. Sanjeet Singh – Whole-Time Director, CEO and CFO, who will represent IKIO Technologies Limited on the call.

The management will be sharing the key Operating and Financial Highlights for the Quarter and half-year ended 30th September 2025, 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 performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made.

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

Hardeep Singh: Thank you all for joining the Q2 and H1 FY '26 earnings call. Our presentation has been uploaded on the Stock Exchange, and I hope you have all had a chance to look at it.

I would like to highlight a few key developments before handing over the call to Mr. Sanjeet Singh for further details.

In Q2 FY '26, we continue to diversify our business mix while maintaining overall revenue momentum achieving a strong 31% year-on-year and 37% quarter-on-quarter growth to Rs. 164 crores. This growth was primarily driven by a broader customer base and expanded product portfolio.

The growth trajectory in the other businesses segment remains strong, rising 71% year-on-year and 42% Q-o-Q to Rs. 115 crores in Q2 FY '26 and up 54% year-on-year to Rs. 197 crores in H1 FY '26. So, our main aim, the new products category, such as wearables and hearables, are gaining traction supported by the new client's order, sustained demand, and momentum.

Geographically growth was led by strong demand from Middle East, particularly Dubai. The company has successfully diversified beyond home lighting ODM business for sustainable growth.

I will request Mr. Sanjeet Singh to provide his thoughts on the quarter and discuss the financials. Thank you.

Sanjeet Singh:

Thank you, Hardeepji. Let me take you through the key strategic initiatives implemented during the quarter and the half year ended to accelerate growth along with positive updates on the strong progress we have achieved.

As mentioned earlier, we have entered the Gulf market under the product display segment, witnessing encouraging traction and achieving profitability in the very first year. Sales in the Middle East continue to gain momentum.

In the U.S., while exports from India were temporarily impacted due to the prevailing tariff situation, our subsidiary, Royallux LLC, which is in the U.S., continues to perform well. We are closely monitoring potential trade developments that could benefit exporters like us.

Overall, revenue from outside India rose to Rs. 37 crores in Q2 FY '26, which is up 127% year-on-year and 30% quarter-on-quarter, contributing roughly 23% to H1 FY '26 revenue.

Also, we have forayed into new product categories such as hearables and wearables like TWS Earphone and Smart Watches, both of which have been well-received in the market and continue to show strong traction.

Coming to our Greenfield project:

Our new 5 lakh square feet manufacturing facility is progressing well. Block 1 of 2 lakh square feet, which was commercialized in May 2024, and civil construction for Block 2 of 2 lakh square feet is currently underway and nearing completion. We continue to strengthen our focus on backward integration to enhance margins and maintain quality standards, while also driving cost optimization and operational efficiencies across business functions.

Now coming to our financial performance and the utilization of our IPO proceeds:

Our growth momentum remains strong in Q2 FY '26 with revenue increasing by 31% year-on-year and 37% quarter-on-quarter to Rs. 164 crores.

For the first half of FY '26, revenue stood at Rs. 284 crores, registering a 13% year-on-year growth. For Q2 FY '26, And the first half FY '26, gross profit margin was maintained in the range of 35% to 36%.

EBITDA for the quarter stood at Rs. 18 crores reflecting a 63% quarter-on-quarter increase with an EBITDA margin of 11.2%.

Profit after tax came in at Rs. 11 crores in Q2 FY '26, marking a sharp 358% quarter-on-quarter growth with the PAT margin at 6.6%. Cash PAT for the quarter stood at Rs. 18 crore, recording a 94% quarter-on-quarter increase.

As we continue to scale up and prepare for the future, we have proactively front-loaded certain strategic expenses, which are currently higher than our historical level. These investments are aimed at fueling the next phase of growth. We expect costs to normalize over time as operations scale up and the benefits of economies of scale start to flow in.

On the IPO proceeds, the repayment of debt was completed immediately after the IPO. Block 1 is now operational. For Block 2, civil construction is nearing completion. We have now deployed around 78% of the IPO funds and are on the course to complete deploying the rest within the timeline we set for ourselves.

In summary:

Our continued focus on diversification, global expansion and strategic investments positions us well for the next phase of sustainable growth.

With this, we conclude the presentation and invite the moderator to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Sanjay Sood, an individual investor. Please go ahead.

Sanjay Sood: Thanks for giving me the opportunity. And congrats for the good sales growth. My question is, you have started selling hearable and wearable, these smart watches and some other products. Now, which brand you are basically supplying? Are you in a position to reveal that? Or is it confidential?

Hardeep Singh: Actually, we can say all Indian leading brands, we are working with them, all of them. But because we have signed NDAs with them, we cannot disclose their names publicly.

Sanjeet Singh: But most of the clients in India who are into the hearable, wearable segment, which like products like Bluetooth speakers, smart watches, TWS earphones. So, I would say the best of the brands in India, we are supporting them in terms of production.

Sanjay Sood: And so what is the contractual value for the entire year in case you can tell this number?

Sanjeet Singh: So, there is no such contractual value. It is similar to the way we work in our lighting division. So, we get tentative plans, I would say, let's say, for the next six months or an year, what is the

outlook of the overall business that we are looking at with the respective customer. And basis on that, the products are finalized. We start getting the planning for, let's say, the next three months.

It is very similar to the way we work for our ODM lighting business in terms of planning. But the good thing is that within a very short span of time, we have onboarded the best of the customers in India, and we are seeing very good growth momentum within this category.

Sanjay Sood: Yes, I remember last time you were talking about Honeywell order.

Hardeep Singh: Honeywell order already started. Yes.

Sanjay Sood: You have started that. Okay. And what is the value of that order?

Sanjeet Singh: So, again, Honeywell, we are doing different kind of products for them, like we have fire alarm systems. We have certain sensors that we have made for them. And then also we have developed certain PA systems. So, already business has started with them.

And again, this is again very similar to the way we work for the lighting division where we design, develop products for our customers. And then, obviously before designing and developing, we do have an idea of the market and what is the prospective outcome of the kind of products that we are developing. But then again, all of this is based on the planning that we get from our customers.

So, like this is a very new customer and production has already started. We have been successful in developing and supplying these products. So, as time passes, the volumes will start to grow within this segment as we see a lot of potential with this category and obviously the customer as well.

Hardeep Singh: Because, you know, these categories are all very difficult kind of categories. So, there are certain stages, like some products are gone already in the market and we get the regular supplying orders. Then some products are in the market for the market survey and quality checks. Some are under development. So, down the line, I think one or two quarters, you will see the multiplied growth in that segment.

Sanjay Sood: And your new capacity, you started utilizing your new capacity, was at 5 lakh square feet. Now, how much capacity you are still left with? Of course, once you complete this entire project, then capacity will be different. But right now, how much capacity you are having to fulfill any further requirement which comes to you?

Sanjeet Singh: So, right now, as you know that we are doing this Greenfield project in phases. So, there are total three phases. The first phase of 200,000 square feet has been commercialized. And honestly, if I talk of, because the second phase is in construction and third is yet to come, so out

of the 5 lakh square feet, the first 2 lakh square feet, which is already commercialized, we are using, I mean, it is right now in the phase of gaining business, customers, all of that. And in fact, in the previous quarter, we did our, in terms of the revenue from this particular plant, I would say, a reasonable figure. But as of now, we have not even utilized more than, I don't think the capacity is still under 20% if I talk of capacity.

Hardeep Singh: 15, 20%.

Sanjeet Singh: Around 15% to 20%. And every quarter, if I would have given this number probably six months back or three quarters back, then this would have been somewhere close to around, let's say, maybe 3%-4% and most of the, I would say, the production was also for the captive requirement.

But now we have onboarded the customers because all the product lines that we are into, they are all technical products. So, there is always a timeline attached to it, developing a product, getting the certifications, validation, and then the product goes into the market. There is an evaluation process there as well.

So, we have crossed those barriers for a lot of clients. And in fact, in the next month, that is December, we will be starting one more category, which is automotive lighting. We have been talking about that since a couple of quarters now. And we have crossed all those I would say barriers. And by December, we will start that as well. So, another two quarters, this number should probably double in terms of capacity utilization.

Hardeep Singh: We still have lot of capacity, and we are working on different areas to develop. Because, like you can say, the first 1.5 year was going to develop all the infrastructure. Now the infrastructure is ready to move. So, you can see from the results that we are now ready.

Sanjeet Singh: Yes, and that is sort of showing in the results as well, as our expenses compared to the previous quarter have been utilized, I would say, a little more efficiently in this quarter. And we expect this trend to continue as the volumes start increasing now.

Sanjay Sood: I have two more questions, small questions. I read in one of the business newspapers that smart watches' demand is reducing in India. That is why every company is targeting for exports. So, are you also planning to export smart watches?

Hardeep Singh: Actually, we are moving, like you know, as you correctly said, the demand for smart watches is not much in India. So, we are working on more on the audio. So, audio demand is huge in India. So, we have already started the audio products like the sound bars and the headphones and all. So, that is our strength also because we are into this field for many years. So, those products now we are developing as ODA partners with all the brands.

Sanjeet Singh: And the customers that we have, for them, it is part of the package. So, they do smart watches, they do bluetooth speakers, TWS earphones. So, all these products come under an umbrella. So,

like you said, we also came to know that the market is sort of demand is not, I would say, declining, but yes, it is, I think, plateauing. But because we are new and all these new customers are coming in, so for us, the growth momentum is very well in place in terms of the products that we are doing. It is a large category that we are into.

Sanjay Sood: But for smart watches, no plan for export.

Hardeep Singh: Right, because we are working for other brands. So, what they export, we don't know if they are exporting or they are using in India. But we are not exporting directly anywhere.

Sanjeet Singh: If they have plans, we have teams in-house to get whatever certifications if required for any geography around the world. But if they have plans, we are well placed to serve them for this requirement as well.

Sanjay Sood: And my last question is, any guidance for the sales revenue target for this financial year?

Sanjeet Singh: I think in the beginning of the year, we just gave a very, I would say, an idea regarding where we will end this year. And we are on track with that. So, basically, we are expecting somewhere around a growth of, just give me one second. Somewhere around a growth of 15% in the top line, and we are on track with that. The second quarter, the revenue came in from all verticals. In fact, our new verticals are now performing much better. So, if you go through the presentation, you will see that most of the growth also came from the new verticals. So, that is, I think, one positive for the way the company is now performing. So, this is basically the basic idea that we gave early in the year and we are on track with that.

Hardeep Singh: In lighting also from single customers to now we are entered with all the major Indian brands. So, those things will also, the process has been started and all the samples are evaluated. Now it is on the verge of like starting the big win.

Sanjay Sood: That's all from my side.

Moderator: Our next question comes from the line of Sagar, an individual investor. Please go ahead.

Sagar: Sir, I just wanted to know the revenue breakup. So, Rs. 115 crore of revenue you did in Q2 for the other business. So, how much is that variable and how much is that hearable, if I may know?

Sanjeet Singh: So, in fact, I don't have the exact number of that particular Vertical, if I talk of the overall. But, I mean, if you look at the way the business is developing, more than 50% of the growth came from the new verticals that we have started. That is hearables and wearables. That is the Dubai subsidiary that we have where we are doing display lighting products for a lot of brands. So, there also we have seen very good growth in the first half of this year.

And in fact, some of like Mr. Hardeep was mentioning that we have added some more home lighting ODM business clients. So, there also, although it is relatively small as of now, if I talk of the home lighting ODM business from the new customers, but revenues have started. So, that is a positive sign. And all of these sort of contribute to the overall momentum. So, if I have to give you a rough idea, in the second quarter, out of the overall revenue, just give me one second. I think hearable, wearable contributed close to around 13% to 14% of the overall revenue. And this is just a little over a year old vertical. So, it is...

Sagar: So, sir, recently your ODM business has also done good in home lighting quarter-on-quarter. So, I was shocked on this. So, except for Philips, whatever the new client that you add in ODM, do you consider in that revenue segment the new client?

Sanjeet Singh: Sorry, if you could repeat your question. I lost your voice in there.

Sagar: So, your home lighting ODM business, right? It is majorly, I think, Philips. And you are adding new clients, you said, in the ODM space. So, you consider their revenue into the ODM segment revenue or it comes into other business?

Sanjeet Singh: So, right now it is coming into other business. So, just to avoid any confusion with the investors, we are keeping the business vertical as of now in the same way. So, the new customers that are being added, they are not being added into the IKIO Technologies Limited. It is being added into one of the subsidiaries, which is IKIO Solutions. So, the business that you are seeing in the standalone numbers that you see, that is pertaining to, so that it is comparable to what has happened in the Quarter 1 or Quarter 4 of last year.

Moderator: Our next question comes from the line of Piyush Kriplani, a retail investor. Please go ahead.

Piyush Kriplani: I have a couple of questions. My first question would be that the operating EBITDA margins, which were like around 22%-23% in September '23, December '23, so there is an improvement, but they have reduced to 11% in September. Is there any, can I know the reason why these EBITDA margins are reducing? And how much do we expect, like in a couple of years, are we going between the range of 9% to 12% in EBITDA? Or do we expect it to increase to maybe near 20% in future?

Sanjeet Singh: Thank you, Mr. Piyush, for asking this question. So, I will come to the first part of your question, that why the EBITDA margins are reducing. Although, like you said, they are now, if you look at past the three quarters, they are improving quarter-on-quarter. The reason why from 20% we came down to, even in Quarter 4, we were around 5%, which was the lowest point. And just quarter-on-quarter, if we compare from last year to this year, last year it was somewhere around, I think, 17%. So, the reason why EBITDA margins were sort of going down, although now they have started picking up is because of onboarding of expenses.

So, we have been talking about this in all our investor calls, trying to explain the reasons for that, because as you know that we have started so many different verticals. In fact, this Greenfield project that we have started. So, you need the team from day one. So, all the development that is happening, the product development, in fact, you need to have your entire lines aligned in order to make those samples for the customers to see those lines and the products the way they need to be made.

So, these expenses we have been onboarding since a very long time. And as now the efficiencies are starting to come in, the growth is starting to come in, so you will see this trend going forward as we become more and more efficient with these new verticals. And on top of that, when we start a new vertical, our buying cost is also relatively high, which also affect the gross margin.

The reason for that is we don't have the volumes to begin with. The order volumes are small. We start small and then we start building up on the volumes. And that is how even the gross margins should slightly improve going forward. And the employee benefit cost, these are the two, I would say, major areas where the EBITDA margin had short of shrunk during the past couple of quarters. So, they will start then becoming more and more efficient as the volumes start to pick up. And the second part of your question...

Piyush Kriplani: So, any target you have in mind?

Sanjeet Singh: Sorry, please go ahead.

Piyush Kriplani: No, I think you are about to answer the second part.

Sanjeet Singh: The second part of your question, I did came across a similar question, I think, last or last to last quarter. And so, the way we are looking at the business progressing, the different verticals that we are now targeting different product categories, I think it is safe for me to say that once we achieve the efficiencies that we are looking for, it might take a few quarters, but we should be close to around 16% to 18% in the coming quarters. And then thereafter, maybe it will be a better time for me to talk about the EBITDA margins going forward into the long term.

Piyush Kriplani: So, my last question, maybe it also has two parts. So, there are two things you told. You were saying that the expected sale guidance would be around 15% for this year. Okay. Now, short term, I won't be judging you by short term, but what do investors expect maybe three to five years? Why I am asking this question is because the capacity which you are getting, which is 2 plus 2 plus 1, which is like 200,000 is already done, and another 200,000 would be maybe next year April 26th and maybe another 100,000.

So, if we are guiding a 15% growth, then do we need this capacity? And if this capacity is actually increasing, will this sale guidance be increasing in the next three to five years? Or do

we expect a 15% CAGR over the next three, five years? Because will this increased capacity be actually bringing more and more sales, maybe more than 15% or how is the plan going forward?

Sanjeet Singh:

No, absolutely, absolutely. So, in fact, thank you for asking this question. So, it makes questions like these, in fact, help us to give clear clarity to the investors. So, like you mentioned, obviously, 15% growth is what we are targeting for this current year, where all the new business verticals are just starting to mature. So, it takes time. So, let's say, if we start a new lighting customer today, the target that we set for the account, let's say it's X amount for which we might...

Hardeep Singh:

For the first year.

Sanjeet Singh:

Yes, so let's say the total highest figure is X amount, which we will achieve in the next two to three years. But the first year generally is always slow when a new vertical is started and then automatically the sales start to pick up. And whatever verticals we are discussing as of now, the new verticals, this is just something that we have already started or we are in the verge of starting business.

Apart from them, there are a lot of other product categories, product lines, different customers that are in the pipeline. But because we don't want to talk too much about the future and don't want to give any forward-looking numbers, so that is why we sort of restrict ourselves in informing the investors where we are today.

But you rightly said the amount of expansion that we are having in terms of the floor space, historically, our asset turn has always been close to around anywhere between 4.5 to 5.5. And the investments that we are making, so that is obviously the target with the investments that we are making into the new plants. And we also have a plan in line with this. But it will take time, like you said, three years, four years down the line. But that is what the target is. And we are, in fact, moving towards that and in the right direction.

Piyush Kriplani:

So, in terms of percentage, it would be difficult for you to give any guidance other than the current year?

Sanjeet Singh:

Sorry?

Piyush Kriplani:

So, it would be difficult for you to give any sales revenue guidance for the coming couple of years?

Sanjeet Singh:

So, that, like we do always, so I think for next year, it will be better for the investors and for the company too, if we give the number in the fourth quarter or the first quarter of next year, so that you will have a clear picture of how the trajectory of the business is going.

Piyush Kriplani:

Can I ask the last question?

Sanjeet Singh: Yes, please. Go ahead.

Piyush Kriplani: So, I have been like being there with the company since IPO, and it has been below its price for a long period of time. So, keeping in mind there is every so much product expansion and so much capacity expansion happening, is there any plan for you to buy some part of it? Because it has been like almost more than two years, it is below the price. Is this maybe I don't know if you are completely, is there any plan to buy back some part of it because you have at least 72.5 which gives some leverage to you to buy some more. Is there any plans as such?

Sanjeet Singh: Honestly, we haven't really planned as of now. But thank you for putting that thought in our heads. So, I will discuss this with Mr. Hardeep and our consultants and the team. But as of now, we have no plans, but we will think about it.

Piyush Kriplani: That's it from my side.

Moderator: Our next question comes from the line of Kanishk Shah, an individual investor. Please go ahead.

Kanishk Shah: So, I just wanted to ask on our other business segment, so there has been a very good growth this quarter and consistently we have been growing. So, I just wanted to understand what are the main drivers for this growth in our other business segments? And are we expecting to grow at the similar level, or at a higher level or at a considerably lower level? Like a suggestion on that as well.

Sanjeet Singh: Thank you, Mr. Kanishk, for the question. So, like I mentioned earlier also, the main growth drivers for this quarter, some part of the growth came from the standalone business, if you compare quarter-on-quarter. And apart from that, majority of the growth came from our new verticals and also because this is the season time, if I talk of certain verticals that we have, like the display lighting or in-store lighting business. So, because of that seasonality also, we saw good growth. But if we compare the same numbers to last year, even considering the seasonality impact of the conventional business, we still saw much better growth as compared to last year. So, that was one part of it.

And then coming back to, again, the new vertical, so hearable, wearable and the business that we are doing in the Middle East, the subsidiary that we have in the Middle East is growing exponentially. So, the percentage is really high for that business as well in terms of growth. And that growth momentum over there definitely we will be able to maintain as we are seeing a lot of demand. We are right now in the retail store lighting segment. But apart from that, there are other segments also where the demand is coming in. And we will pretty soon enter those categories as well in the Middle East. So, the growth momentum will continue.

Apart from that, although the export business from India got affected due to the prevailing tariffs between India and U.S., but a major part of that we were able to negate due to the strong demand

in the Middle East. So, this business was not practically there last year. So, I think we are very lucky with the timing. When we started this particular business earlier, our export unit was majorly selling or the revenue that it was generating was from the U.S. market.

So, I think we have been very lucky with the timing. But if I talk of our subsidiary there in the U.S., so that is also performing well, well in line with our expectations. And there was a slight growth in that as well. So, all these factors contributed to the growth. And if I have to tell you in percentage, the conventional business and the new verticals, I think around 40% growth came from the conventional business and around 50% to 60% of the growth came from the new vertical. So, even if I put aside the seasonal, I was answering the question asked by Mr. Kanishk. Are you still there online, Mr. Kanishk?

Kanishk Shah:

Yes, I am there.

Sanjeet Singh:

Sorry about that drop. So, basically, I was referring to the growth pattern. So, even if I take out the seasonal impact, then also we are on the right track with our new verticals also expanding and growing. And because they are new, so we expect the growth trajectory to continue. And even in the conventional business, because of the addition of new geographies and new customers, that will also continue to grow. If you compare it to the Q1 numbers, so we expect, I would say, similar growth patterns going forward.

Kanishk Shah:

And also, sir, I just wanted to understand, in total, how many products do we have in hearable and wearable?

Hardeep Singh:

There are actually, for each brand, like four to five products, and we have five to six brands.

Sanjeet Singh:

So, approximately around 40 products, but if you look at the number of SKUs, they may be higher than those.

Kanishk Shah:

Are we planning to enter any new products or any new geographies?

Sanjeet Singh:

So, certainly, I mean, if you look at the product, then definitely that is a constant, I would say, endeavor that we continue to evolve within the same existing conventional businesses as well and also the new customers. So, if you look at the development team, then we are always having anywhere between 30 to 40 or maybe more products always under development. And it is sort of a pipeline where we keep on pushing new products for development. And that is how we have been constantly evolving our business and not relying on a single vertical or business model.

Kanishk Shah:

And sir, are we working on smart sunglasses or something like that?

Sanjeet Singh:

Not right now. That is a very new market. So, it is evolving from what I can also see, but no plans as of now.

- Kanishk Shah:** And sir, I just also wanted to understand on the new geographies, are we targeting any geographies, new countries, what I am trying to understand?
- Sanjeet Singh:** So, yes, Middle East is something we are definitely expanding. I would say every quarter we are adding a country or two when it comes to our business because Dubai being our hub, then from there we are catering to that part of the world. In fact, in certain customers or brands, we recently got requirements or approvals for ASEAN countries as well, like, the Philippines, Vietnam, Indonesia. So, six, seven countries, Malaysia, Singapore. So, that is something that will happen automatically.
- Since the customers we are making, they have requirements in different, if I talk of that, the in-store lighting division, they have requirements in different parts of the world. If I talk of those brands, so they open stores everywhere across the globe. So, that is something that will automatically happen. And it is now happening because now we have a set base outside of India. So, they are also comfortable working with companies who have a good logistics system, have their teams, designers, everything. So, that is sort of helping. And going forward, we have plans for certain other geographies also, but maybe in another two, three quarters, we should be in a position to reveal more about those geographies as well.
- Hardeep Singh:** Again, all the things are moving in the positive direction.
- Kanishk Shah:** Thank you so much for answering all the questions.
- Moderator:** We have a follow-up question from the line of Sagar, an individual investor. Please go ahead.
- Sagar:** Sir, I just wanted to know what is the gross margin across all the segments that is hearable, wearable, export and ODM, if I may know.
- Sanjeet Singh:** Yes. So, basically, if you look at the consolidated gross margins, we are currently in the range of 35% to 36%. And like I said earlier, although we have been able to maintain it, if you compare it to the previous quarter, but there has been a drop if you look at our gross margins historically. And like I said, because the new verticals, smaller volumes, initial pickup of the raw material components is generally higher in terms of pricing. So, that is sort of impacting, which we believe will sort of start improving in a quarter or two. You will see that sort of improvement.
- But if I have to talk of, I can only give you an idea where the gross margins, how the gross margins are placed across our verticals. So, standalone, you can definitely look at the numbers. It is right in front of you. But apart from the standalone figures, if I talk of the other business verticals, the Dubai vertical, the gross margins are relatively slightly better than the consolidated figures that you see. And the hearable, wearables have a slightly lower gross margin than the consolidated numbers. And likewise, the other ODM customers that we are now building will

have a similar gross margin compared to the ODM lighting business in the standalone figures that you see.

So, the way we are evolving and the way we are maintaining are different verticals and product categories. Some of the verticals, because hearable, wearable, although we know that it is a lower gross margin business, but the volumes are there and we are not trying to reinvent anything. It is similar setup that we have.

So, if we look at the CAPEX that is being involved compared to setting up something completely new for that matter, so for us, in that particular vertical, the ROCE is what matters. And that is why we chose that vertical to begin with, and it has now started giving the results. And going forward, we will continue to make these verticals more efficient as much as possible so that we strive to improve the gross margins going forward.

Sagar:

And sir, a question on business strategy. So, you have expertise into lighting. And so when you enter into wearable and hearable and when you approach a client, the client has already a supplier. So, how do you approach the client and convince them for your product? And why would a client shift to you other than their increasing share with already suppliers? So, I just wanted to know, have a perspective on that.

Hardeep Singh:

It is all the infrastructure we have created and the BD teams what we have and the relationship because we are into this industry for a long time because before LED lighting, we were into the DVD players and everybody knows that we are from the audio side. So, that is why we are focusing mainly on the audio right now.

Sanjeet Singh:

And if you come and see the facility for yourself, so that is where the customers got the trust with us. And if you look at historically, our journey of more than three decades into manufacturing, before LED also, we have always been into electronics. So, I keep telling everyone that the reason why we have been successful in all these verticals is because of our strong understanding of electronics and the backward integration that we have developed over the past 10 years.

So, that again was a journey that we started 10 years back of developing everything in-house. So, whenever these customers, they visited, they look at the presentation, what the company is doing when they visit and see for themselves the infrastructure that we have created. So, it becomes very easy for them to understand that we are not just a lighting company.

And in fact, that was the only reason why we went for the name change as well for the parent listed company, just to avoid that confusion in the market. And that is where the trust comes into. In fact, that is where they realize that going forward, Make in India is going to be one big parameter when it comes to products being imported to India or being sold in India. So, they see that value add with us of the infrastructure that we have created. And that is how the selection

then becomes very easy. And in fact, within a very short span, we have been able to add most of the prominent brands in India.

Sagar: So, do you have the whole totally vertically integrated facility? Like 100% production is done in your own facility? Or how much of the value added is produced in your facility?

Hardeep Singh: Our first aim was to get hold of all the customers. Now, with the interaction with those customers, we have already started the Indianizing the product. Already started that.

Sanjeet Singh: So, the same thing we did in lighting as well. So, always the idea is to bring the customers in and show them the capabilities that we have. And because they already had an existing product line, product base, so we didn't want to disrupt that. So, we started with what they have. And now, with each customer, we are discussing the new products that we can sort of Indianize or add value to that.

So, it is going to be a journey again, the same way we did for lighting. In lighting in our first year, I still remember we started with just two SKUs. I am talking of way back in 2012. And in lighting alone, if I talk of all the different verticals put together, I think we have more than 1,500 to 2,000 SKUs and more than 90% or 95% of the products manufactured in India. So, whatever is possible in India, in lighting, we are already doing that. So, that is how we look at this vertical also, but obviously it will take time, but that is the whole plan.

Sagar: And can you tell me your growth in U.S. market in this quarter? So, there has been tariff disruption. So, how it impacted? And once the tariff issue resolves that we can expect a good growth from there, right?

Sanjeet Singh: So, if you look at the presentation also, although there was a growth, if I look at the business which is outside of India, there was a growth of around 30% quarter-on-quarter and 127% year-on-year if I look at the business which is outside of India. But that growth mainly came from the Dubai subsidiary, the Middle East subsidiary. And if I look at the U.S. numbers, we are still doing well with our subsidiary, which is there in the U.S. So, we planned a lot of stock. And in fact, the business that we are doing from the U.S. subsidiaries, that is still progressing well. But the exports from our Indian subsidiary to the U.S. market have really shrunk.

But again, the silver lining and the good timing about our business in the Middle East is very well showcased in our presentation that we are still growing when it comes to business outside of India. But we are waiting for the situation to settle down. And hopefully this is not a permanent state. And as and when the things start improving in terms of the tariffs, in fact, we are also not stopping ourselves. We are in discussion with a couple of really big clients there in the U.S. market. And they have, in fact, already visited us. And they have seen our strengths. And we are already discussing business with them. It is just a matter of time till things relating to tariff settle down and we can start again.

- Sagar:** So, sir, last question on automotive. So, you are entering into a very great segment, I mean, automotive lighting. So, have you done the R&D? So, are you doing the R&D in your products? Or can you just tell us what is going on there like?
- Hardeep Singh:** So, all the sampling, samples approval, session with the brand, everything is already over. So, we are now in the stage of making the packing and everything. So, in a quarter or two quarters, you will see the results where we are.
- Moderator:** Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to Mr. Hardeep Singh for closing comments. Over to you, sir.
- Hardeep Singh:** Thank you all for making it to our quarterly earnings call for Q2 FY '26. If there are any further queries, please feel free to reach out to Stellar IR advisors. Thank you all. And have a nice day. Thank you very much.
- Sanjeet Singh:** Thank you so much.
- Moderator:** Thank you. On behalf of IKIO Technologies Limited, we conclude this earnings call. Thank you all for joining us. You may now disconnect your lines.