

Genus/STX/QC/
August 08, 2018

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BSE Code: 530343

National Stock Exchange of India Ltd.,
(Listing & Corporate Communications),
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051.

NSE Symbol: GENUSPOWER

Sub: Transcript of Earning Call.

Dear Sir/Madam,

We enclose herewith transcript of Earnings Call held on August 01, 2018 on the unaudited financial results for the quarter ended June 30, 2018.

Kindly take the same on your record.

Thanking you,

Yours truly,

For **Genus Power Infrastructures Limited**



Director/Company Secretary



Encl. as above



“Genus Power Infrastructures Limited
Q1 FY2019 Earnings Conference Call”

August 01, 2018



**MANAGEMENT: MR. KAILASH AGARWAL - VICE CHAIRMAN - GENUS
POWER INFRASTRUCTURES LIMITED
MR. JITENDRA AGARWAL – JOINT MANAGING
DIRECTOR - GENUS POWER INFRASTRUCTURES
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Genus Power Infrastructures Limited Q1 FY2019 earnings conference call. This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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. Kailash Agarwal, Vice Chairman from Genus Power Infrastructures Limited. Thank you and over to you Sir!

Kailash Agarwal: Good afternoon to all. A very warm welcome. Along with me on this call, we have Mr. Jitendra Agarwal, Joint Managing Director and SGA our investor relation advisor. The results and investor presentation are uploaded on the stock exchange and Company website. I hope everybody had a chance to look at it. There has been a sustained momentum in the business, which has led to good execution of the orders at hand, which has helped us to post healthy numbers during the quarter. We have started supplies for the Smart Meter order received from EESL. We have also recently received one LOI for supply of 6LowPAN AMR enabled smart meters in Maharashtra. The order is worth Rs.92.34 Crores. We are witnessing momentum under Smart Meter as well as in regular meters. The ongoing tenders are quite healthy. At the end of June 30, 2018, our order book stands at 974 Crores out of which approximately 100 Crores is for ECC and remaining is for the meters.

The sales for Q1 stood at Rs.238.6 Crores, a growth of around 31% for Q1 FY18. The EBITDA adjusted for unrealized MTM foreign exchange loss, which was reported in other expenses for Q1 FY19 stood at Rs.31.1 Crores with a margin of 13%. There is a foreign currency loss in this quarter, which is approximately 1.5% to 2%. EBITDA grew by 42% in Q1FY19 against Rs.21.9 Crores in Q1 FY18. The PBT excluding other income for Q1 FY19 stood at Rs.16.5 Crores, a growth of 33% against 12.5 Crores for Q1 FY18 and the PAT stood at 14.4 Crores, which is almost flat. So, Company is growing in its revenue but profits was impacted by foreign exchange for this particular quarter. Otherwise, we are growing in our EBITDA numbers and PAT numbers also. Now I welcome questions.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Tarang Bhanushali from IIFL Wealth. Please go ahead.

- Tarang Bhanushali:** Good afternoon Sir, wanted an update on the order we won today or the LOI for Rs 650 Crores, so what would be the execution period and from when will we start delivering on this?
- Jitendra Agarwal:** The execution of this order will be done in 12 to 15 months and delivery will commence after three to four months.
- Tarang Bhanushali:** Sir on the smart meter side on the earlier order, so what portion have we already delivered and what is left with us?
- Jitendra Agarwal:** The delivery has already started, and we have already delivered them 40,000 numbers according to the plan. Due to the integration work, there was a slowdown from the EESL side. So that is why you will see an impact on our inventory because our projections were little high in comparison to the speed taken up by EESL. Now, the integration work has been done and from August onwards their numbers will be much larger than the previous months.
- Tarang Bhanushali:** Sir require an update on the ITI order, have they started supplying from their end? or is the EESL taking some legal action against them?
- Jitendra Agarwal:** Not sure on what the customer is doing against them. But, to the best of my knowledge till date they have not started. I think we are the only company which is supplying them smart meters as of now.
- Tarang Bhanushali:** Thanks a lot Sir.
- Moderator:** Thank you. We have the next question from the line of Manish Goyal from Enam Holdings. Please go ahead.
- Manish Goyal:** Very good afternoon Sir. Just to clarify on the new LOI what we have received for 5 million, so value comes to around Rs 1300 per meter and being a single phase, so what would be the margins like? would it be in line with 14%, 15%, what we have been guiding earlier?
- Jitendra Agarwal:** This is a prepayment meter, so neither this is a smart meter, nor it is a normal single phase meter what we have been supplying historically. So, this is a offline prepayment meter and margins are fairly good.
- Manish Goyal:** So you are saying this will not be connected through like GSM or anything?

- Jitendra Agarwal:** No this is an offline prepayment meter, it is a standalone unit.
- Manish Goyal:** The stock exchange notification says that we have some back to back arrangement, is it for the boxes what you mentioned?
- Jitendra Agarwal:** For this full 5 million meter.
- Manish Goyal:** The boxes will be supplied by Genus or it will be, so can you clarify that?
- Jitendra Agarwal:** Boxes will be supplied by Genus only. The whole units will be supplied by Genus.
- Manish Goyal:** So we are confident that we should be able to make 13 -14% range of margins in this order as well?
- Jitendra Agarwal:** It will be a fairly good margin, we have done our homework well before taking the business
- Kailash Agarwal:** We are well on our line on the margin.
- Manish Goyal:** Just to clarify you said this execution will commenced in three to four months?
- Jitendra Agarwal:** Yes.
- Manish Goyal:** So if you can broadly give a breakup how much of this Rs 650 crores will get executed in FY19 and FY20 Sir?
- Jitendra Agarwal:** The delivery schedule is 12 to 15 months by the customer. According to the delivery schedule, we will deliver the material. Integration takes time, so that is why we have said three to four months. We are exactly meeting the delivery schedule.
- Manish Goyal:** Also if you can just throw some light on the declining in other income and increase in interest cost is it due to significant increase in working capital?
- Kailash Agarwal:** No. Last year, there was a gain in foreign exchange which was added in other income. That was the primary reason for increase in other income. This year there is a loss due to foreign exchange, which has increase other expenses. So, other income is down, and other expenses have gone up which has reduced the margin.
- Manish Goyal:** Fine Sir and just one more question I had, okay I will come back, I had some question, I forgot I will come back. Thank you Sir.

- Moderator:** Thank you. We will take the next question from the line of Ashi Anand from Allegro Capital. Please go ahead.
- Ashi Anand:** Just wanted to understand better on the mark to market gains and losses that we are getting on forex, what exactly are these hedges or what are the gains and losses occurring on?
- Kailash Agarwal:** As a policy, Company hedges 50% of their open foreign currency exposure. This quarter, there is a loss which is booked around 1.4 Crores and there is a loss of around Rs.3 Crores, which is market to market.
- Ashi Anand:** So we use the hedge in the raw materials that we procure globally?
- Kailash Agarwal:** We hedge the dollar of whatever the exposure we have in foreign currency. Basically, this is all the loss of foreign exchange, there is a steep hike in dollar prices in last quarter.
- Ashi Anand:** Did you have any MTM gains on the other expenses side or it was only in the other income?
- Kailash Agarwal:** It is in the other income, last year. As per the accounting policy, the gains you have to book in other income and the losses you have to book with the other expenses.
- Ashi Anand:** Excellent. Sir secondly in terms of margin, we used to be at about 15% plus EBITDA margin, which came down last year and on an improvement trajectory if we adjusted the forex gains. What kind of margins could we look at in FY2019? and there was a GST issue with relation to the refund, if there is any update on that?
- Kailash Agarwal:** In GST issue, there is a status quo, there is no change in that, we have not received anything from the government yet and we are fighting for that. Regarding the margins, as we mentioned in the last couple of conferences, we are now on the track of improving the margins. If you see from last quarters, there is improvement in every quarter. If you remove the forex losses out of this quarter, then you will see that there is improvement in the EBITDA and PAT margins. So there will be improvement in margin every quarter. We have mentioned in last conference also that we will be reaching to the same levels, which we were in the earlier years at a level of 14%, 15% of EBITDA levels.
- Jitendra Agarwal:** Just to add on to this, there have been a lot of change in the global electronic component market. This has also impacted a little bit on it and has been factored for all the future orders. Once we will start supplying the orders which we are receiving currently that has been taken care. From next quarter onwards, the margin improvement will be visible.

- Kailash Agarwal:** Every quarter you will see there is a growth.
- Ashi Anand:** Excellent and just lastly in terms of EESL just a couple of questions, one, how is the dealing with EESL compared to state electricity boards as a client? because if you see certain other segments say for example transmission towers companies prefer dealing with power grid as compared to SEBs so is that the same in your case?
- Jitendra Agarwal:** The difference I will explain you here. When you deal with power grid your customer is power grid. When you deal with EESL, your final customer is the state electricity board only. Though they are more of active agency in between but at the end your final customer is a state electricity board. The consumer is owned by them, so yes there is a difference in dealing. But as a company, we are capable enough to deal with SEBs also. So, we are not finding any good or anything bad, it is more or less okay with us.
- Ashi Anand:** Just to understand the payment to us will come through EESL right?
- Jitendra Agarwal:** Yes, for smart meters it will come through EESL.
- Ashi Anand:** I was under the impression that most EESL bids were going to be smart meters given the whole energy efficiency focus. Just trying to understand the background behind, why would they be looking at non-smart meter market?
- Jitendra Agarwal:** I do not know the requirement is so big, so the government of UP went through EESL that may be the case.
- Ashi Anand:** Thanks Sir.
- Moderator:** Thank you. The next question is from the line of Aman Bordia from Money Ore Investments. Please go ahead.
- Aman Bordia:** Very good afternoon Sir. First of all congratulations to the team. My first question is regarding the margins again, we have seen the cost of materials have shot up a little bit possibly in the back of increased crude. How we are faring on the agreements with some suppliers and if you could throw some light on the subsequent margins that would be affected?
- Jitendra Agarwal:** As I said in my earlier reply that there has been electronic component shortage, which has surely impacted the margin for all the electronic industry. So, we have also factored that off lately. All the orders now we are receiving, if we have taken care of that particular concern

you will see the margins even better from third quarter onwards. So all these factors has been taken care in all the currently received orders.

- Aman Bordia:** Could you give the numbers on the mix of business between ECC and metering?
- Jitendra Agarwal:** Mix of?
- Aman Bordia:** ECC and metering business mix?
- Kailash Agarwal:** The revenue we have done is 205 from meters and 33 Crores from ECC.
- Aman Bordia:** What is the future expectation for ECC?
- Jitendra Agarwal:** ECC our current order book is 100 Crores and we are not adding anything much into it, so future will be more on the meter.
- Aman Bordia:** Right Sir. Sir lastly how has the working capital cycle progressed just would like to know about that?
- Kailash Agarwal:** It has remain same, there is no improvement or anything bad. We hope that it will remain almost the same.
- Aman Bordia:** Any improvement expected in the coming years?
- Kailash Agarwal:** Very difficult to say, let us see that how EESL works. How the EESL payment comes because this is new customer to us and we are not very sure and we do not have any experience about EESL. How they are strict on their payment terms and all. Once that happens in the next one or two quarters, we will be in a better position to comment that whether it will be improving or not.
- Aman Bordia:** We have been getting big orders now any plans on increased capex?
- Kailash Agarwal:** No, right now we have sufficient capacities to execute these orders. We do not see any capex requirement on immediate basis. There will be regular capex.
- Aman Bordia:** Thanks a lot Sir. Best of luck.
- Moderator:** Thank you. The next question is from the line of Bhalchandra Shinde from Anand Rathi. Please go ahead.

- Bhalchandra Shinde:** Sir recently in one article I read that related to EESL or smart meter ordering, Chinese players are L1. As per our interactions earlier, there is one criteria that manufacturing facility is needed in India. That still holds or EESL has relaxed some rules on giving the orders?
- Jitendra Agarwal:** This particular tender of five million meters for smart meter, there is initially 25% of the quantity can be subcontract, but later on they have to manufacture them in India.
- Bhalchandra Shinde:** Initial 25%?
- Jitendra Agarwal:** 25%, which is like stable, it can go up to 50% also, but till now even the system integration tender has not happened for that particular five million meters. So let us see how it shapes up.
- Kailash Agarwal:** Secondly we should be very clear one thing that there is 15% of duty on any imported meters.
- Jitendra Agarwal:** No, only smart meter.
- Bhalchandra Shinde:** For them it will be 15% costlier?
- Jitendra Agarwal:** Import duty is 15%.
- Bhalchandra Shinde:** Sir regarding that plastic dana prices which has been increasing. So in our earlier order, I believe it would not be factoring that plastic dana prices increase. How you will be able to actually increase the profitability or improve the profitability?
- Jitendra Agarwal:** The plastic dana is quite stable as of now. It is coming down very slowly. I would say, we are not seeing it going up in the future. So whatever the margins we thought by doing from engineering we should be able to maintain that.
- Kailash Agarwal:** And secondly, this has not happened in this quarter. This happened in last one or two quarters, so that has already been factored. So, there is no new jump in dana prices that it is happening in the last quarter, so it happened in Q3 FY18 so basically that has all been factored already.
- Bhalchandra Shinde:** Apart from this five million meters, which other orders we are expecting ordering to happen in the next one year?

Jitendra Agarwal: There are some very good tenders going on across the country in Rajasthan, in Maharashtra, in Tamil Nadu, in Madhya Pradesh, in Gujarat. So, there is lot of tenders of normal meters and smart meters. It is already going on and expect some very good order book in the times to come.

Kailash Agarwal: As I told initially that Rs.92 Crores order we recently bagged from Maharashtra government in month of July only.

Bhalchandra Shinde: Rs.92 Crores value right?

Kailash Agarwal: Yes, Rs.92 Crores.

Bhalchandra Shinde: Will it be like directly from the government or through EESL?

Jitendra Agarwal: It is directly from the government. EESL has brought only three tenders till now. Apart from that, all our businesses is from state electricity board directly. Apart from this Rs.92 Crores, there has been a lot of small orders of Rs.5 Crores, Rs.10 Crores, Rs.15 Crores, which keep pouring in that is why our order book is very healthy.

Bhalchandra Shinde: I didn't get that part, when exactly EESL comes into part for state government orders? they come when there is relatively reluctance from the state government? or it is like few of the states already decided by EESL?

Jitendra Agarwal: EESL just became a consolidation partner to start with UP and Haryana. They came out with five million smart meters later on they tied-up for some quantity in Bihar and couple of more utilities. So, they came out with some more five million meters. Same way for Saubhagya scheme, the Government of India wants to put prepayment meters to all the consumers. Accordingly, they came out with it that was given to EESL and EESL came out with the tender. Otherwise all the electricity board all across the India all the conventional meters or all the normal tenders, grid meters, three phase meters everything has been brought directly by the state electricity boards.

Kailash Agarwal: There is no pressure on any state electricity board that they have to buy through EESL. They are coming directly also with the tenders and they are coming through EESL also.

Jitendra Agarwal: Absolutely.

Bhalchandra Shinde: In EESL document I read that for these orders there will be kind of 10 years of warranty period. So, we will provide that?

- Jitendra Agarwal:** We are very clear. We are not quoting them where there is 10 years. These tenders are five to six years.
- Kailash Agarwal:** We keep warranty provisions.
- Bhalchandra Shinde:** There would not be any impact if at all if anything happens. Thank you very much Sir.
- Jitendra Agarwal:** In EESL tender, there is one more thing I would like to put, what they ask us is if they want us to further maintain meters after the guarantee period, which is 5 years then that is on chargeable basis.
- Bhalchandra Shinde:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Amarnath R from Gomukhi Capital. Please go ahead.
- Amarnath R:** My first question is relating to what we were just discussing so what is the warranty percentage that we are providing in our P&L?
- Kailash Agarwal:** We generally keep from 2% to 3% as a warranty provisions of the revenue depending on how much is required and what balance on the balance sheet. So basically if you see our balance sheet, there is always ad hoc amount you will see on account of provisions. So generally as a policy, we keep 2% of total revenue.
- Amarnath R:** 2% over five years?
- Kailash Agarwal:** Every year we keep 2%.
- Amarnath R:** Every year 2%?
- Kailash Agarwal:** Not that, whatever the revenue we are doing every year we keep as a policy up to 2%.
- Amarnath R:** Whatever is the balance you set it off against that whatever credit forward are used?
- Kailash Agarwal:** Yes.
- Amarnath R:** Second question was you said that we should be back to normal RM to sale situation by third quarter, does it mean that you expect more uncertainty volatility based on your legacy orders in the second quarter also?

- Kailash Agarwal:** We are not saying that we will be back to RM, we are saying that whatever the RM was affected has already been factored.
- Jitendra Agarwal:** New orders what we are receiving the supply, will start from the third quarter surely they will have better.
- Amarnath R:** That means the legacy orders there will be whatever impact is there might still continue into the second quarter also that would that be a fair statement?
- Kailash Agarwal:** Yes, that will be there and that you will see the margins already have come down because of that, there would not be any dip in the margins because of that.
- Amarnath R:** Further dip will not be there?
- Kailash Agarwal:** Yes.
- Amarnath R:** My third question is given that the whole world is quite volatile, uncertain because of all trade wars, currency issues whatever one may call and nobody has great visibility for the next at least six to nine months I guess. Is there any possibility that the whole pricing system might change towards some kind of a pass through system kind of a thing or it is unlikely in our industry? we are also having mainly government or quasi government agencies as customers, so like we see in EPC contracts and others for metals and other kind of raw materials?
- Jitendra Agarwal:** These are all firm price orders.
- Amarnath R:** You do not think that this system or process can change going forward given the uncertainty?
- Jitendra Agarwal:** As of now, we have not seen. There has never been any history or any tender ever they have given a price evaluation.
- Amarnath R:** Because the electronics was never considered to be volatile?
- Jitendra Agarwal:** Absolutely, these are all firm orders.
- Amarnath R:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.

Sanjeev Zarbade: Thanks for taking my question. It was regarding some balance sheet data like could you share receivables, debt and cash at the end of Q1?

Kailash Agarwal: Debt at the end of Q1 is around 238 Crores, which is on line with fourth quarter of FY2018 it is almost the same at that level and cash on books is around 160 Crores to 170 Crores, which is again almost on the same line of the last quarter. Receivables number, I have to just check and come back to you on June 30, 2018. It must be almost at the same levels whatever was in the last quarter.

Sanjeev Zarbade: Sir, my call got disconnected in between, if you could share the revenue mix including the deliveries on account of EESL during the first quarter?

Jitendra Agarwal: In the first quarter we have supplied very, very small pilot numbers to EESL. The supply to EESL major started from month of July.

Sanjeev Zarbade: And the ECC component was?

Jitendra Agarwal: 33 Crores in first quarter.

Sanjeev Zarbade: And the payment terms on EESL as compared to the prepaid orders that we have got recently?

Jitendra Agarwal: Prepaid payment terms are better than the smart meters.

Sanjeev Zarbade: In terms of like in EESL we have around 30%?

Jitendra Agarwal: No, exactly I do not remember, but it was 60, 30, 10, for prepayment there is no retention of 10% so everything will be paid within time.

Sanjeev Zarbade: Great Sir. Thanks and all the best.

Moderator: Thank you. We have a followup question from the line of Manish Goyal from Enam Holdings. Please go ahead.

Manish Goyal: Sir, with the recent win of second order from EESL would you like to provide guidance as to what kind of revenue growth we can see in FY2019. Last year we had 835 Crores revenue and we were guiding for around 1100 Crores revenue in FY2019, so is it possible to see more than 1100 Crores?

- Jitendra Agarwal:** We should achieve what we are targeting in and if we do anything better very difficult to speak right now. This session looks to be very good that is what I can say.
- Kailash Agarwal:** Basically, we are well on track of achieving whatever numbers we have projected or budgeted. It also depends on the customer.
- Manish Goyal:** Is it that this 1,100 Crores revenue, which we were expecting basically what we had estimated earlier had factored this kind of larger order already, second large order?
- Kailash Agarwal:** We have factored these orders also and that will also depend on the customers. Sometimes there is some here and there also like EESL we were hoping a good number from first quarter, but it was only pilot in first quarter. Right now we stick on 1100 Crores what we have projected and there might be better, but not be lesser than that, that much we can say.
- Manish Goyal:** Thank you so much, Sir.
- Moderator:** Thank you. We have the next question from the line of Deepesh Agarwal from UTI Mutual Fund. Please go ahead.
- Deepesh Agarwal:** Good evening gentlemen. My question is connected with Bhalchandra's question, so in the article, which mentioned that two Chinese firms were L1 and L2 in the phase 2 of the EESL smart meter, the prices have fallen to almost 2200 versus 2500 in the November's tender, so how do you see the price of 2200?
- Jitendra Agarwal:** We have seen it extremely competitive. We are also waiting for the product to come because earlier also we saw in the month of November few new players came in the market they quoted very, very competitive price, but it is almost 10 months not a single meter has been supplied by anyone of them. So that is why I am not sure what will happen, wait and watch right now. If you ask me as industry person, it is extremely competitive price.
- Kailash Agarwal:** I would like to add that basically for the order to ITI and KEONICS and they have failed, so it is a big chance that even EESL we do not know whether we will be finalizing this order or not because EESL is also realizing all these things.
- Jitendra Agarwal:** They are very, very skeptical.
- Deepesh Agarwal:** Sir, when the second phase of order will go for reverse bidding so at 2200 kind of price possibly we may not be able to take the order?

- Jitendra Agarwal:** When the reverse bid happens then we will take a business call. I cannot say thing right now.
- Deepesh Agarwal:** Second and the last question, again EESL is saying that they are keen on taking the prices down to even at 1400 for the smart meters in the forthcoming tenders. What is your view, is it possible or it is just we should ignore the noises?
- Jitendra Agarwal:** They will try to buy and see if it is possible that is normal, if they are able to get a good quality workable meter with the kind of currency in Rs.2200 why somebody will pay for 2500 and if you can get it in 2500 why somebody will pay 2800.
- Kailash Agarwal:** And one thing only we can say that we will not be compromising on our margins. It is not necessary that we cannot supply on 1400 or we cannot supply on 2200 like important thing is whether we are compromising on our margins or not. We will not be compromising on our margins that is for sure.
- Deepesh Agarwal:** Thank you and all the best.
- Moderator:** Thank you. We have a followup question from the line of Tarang Bhanushali from IIFL Wealth. Please go ahead.
- Tarang Bhanushali:** Sir, again on that same Chinese players, so will the Chinese players be required to setup shop in India?
- Jitendra Agarwal:** They can do joint venture.
- Tarang Bhanushali:** The initial part they can import from China and then may be some with the local partner they can supply?
- Jitendra Agarwal:** Yes, they can.
- Tarang Bhanushali:** Are there any more EESL orders coming going ahead?
- Jitendra Agarwal:** There are no tenders in pipeline right now.
- Tarang Bhanushali:** When is the reverse bidding starting in this?
- Jitendra Agarwal:** This tender is opened almost a month and there is no indications at all and even the system integration tender has not come yet. I think, it is a long way to go.

Kailash Agarwal: Because still system integration will take a lot of time to come and I do not know what will happen and going to happen to it.

Tarang Bhanushali: Sir, on the 650 Crores does it include the box value also?

Kailash Agarwal: It includes meter and box.

Tarang Bhanushali: Thanks a lot.

Moderator: Thank you. We have the followup question from the line of Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: Thanks for the opportunity. Just trying to understand the market size a bit better. I had some of the macro numbers with relation to project Uday and Saubhagya and also number of meters overall. But if we look at FY18, just trying to understand how many meters would have been tendered out in FY18? and how that have been split between smart and traditional and also between SEBs and EESL? and how do we see that number moving into FY2019 and FY2020?

Jitendra Agarwal: Generally the meter market is anywhere in the range of 2.5 Crores to 3 Crores meters annually, but with Saubhagya coming into place and some big aggregation has done by EESL. Market size has increased, I would say by almost 1 Crores meters, but lot of tenders has come in the past off lately and lot of decisions has been done and going to happen in the future. Market size have surely increased from 2.5 to 3 Crores meters to 3.5 to 4 Crores meters for FY19 for this financial year and should continue like this may be in future also.

Kailash Agarwal: As the government is planning to convert all meters into smart meters and they are all almost 250 million consumers. So, there will be a growth in the market size every year because if they have to change it in next five to seven years or 10 years they have to increase the size of the market and there is a lot of replacement also coming.

Ashi Anand: So, how serious is the government with relation to these 250 million meters all to be converted towards smart meters, there is a wish list or is the actual kind of action happening on the ground?

Jitendra Agarwal: To start with I would say it is surely a wish list, but nothing can come on ground and there is no wish. So there was a wish list and a lot of work has happened in the last two to three years. They have started with the small pilot projects initially. From pilot projects, they have moved to one major tender of EESL is smart meters and some major tenders came out by Rajasthan, Maharashtra. Now, Rajasthan is almost on the verge of decision of almost 4

lakhs smart meters. Maharashtra is on the verge of decision of almost 3.5 lakh smart meters. There is a tender coming out very soon in Gujarat almost 4 to 5 lakh meters, in Jharkhand 4 to 5 lakh meters, Bengal has come out with a tender of 6 lakh meters. So that with almost everywhere all the state electricity boards are coming out with the smart meters. For surely that wish list is sensing into the work on the ground. All these are replacement meters, none of these smart meters are the meters, which will be used for the new consumers. They are concentrating on particular feeders, the whole feeder will convert into a smart feeder, so that means that surely the work has started for smart meters. It has taken its own time, it will take time, but you will see a lot of work happening on the ground in coming months, years, so for sure they are pretty serious about it.

Kailash Agarwal: You will see that already 20 million meters has been won by EESL in the last one year, only one year they have won 20 million meters tender.

Ashi Anand: Lastly another participant also asked this question, just to understand EESL's role in terms of when does EESL come in and when do SEBs come in, is there any kind of clarity on that and SEB really chooses whether we want the tender?

Kailash Agarwal: We have to understand EESL is an aggregator of requirement. So they aggregated requirement of UP, they went to UP they said okay these 4 million smart meters you do not need to fund, we will support you with funding, we are also government agency and we will buy on behalf of you. This is what EESL has done. They have bought meters on behalf of UP State Electricity Board and Haryana State Electricity Board as per the specifications given by UP and Haryana. So they are buying smart meters from us for them. Finally, they will installed. Even in the meters, we write it is property of UPPCL. At the end of the day it is UPPCL, which is the final customer.

Kailash Agarwal: It is purely the choice of SEB whether they want to go with EESL or they do want to go directly. There is no specific policy for that, it is purely the choice of state government on how they want to go.

Moderator: We have lost the line from the current participant. We will move for the next question, which is followup question from the line of Tarang Bhanushali from IIFL Wealth. Please go ahead.

Tarang Bhanushali: Sir, on the ECC side we have 100 Crores of order book left and we are targeting almost the same of revenue in FY2019, so what would be our guidance in FY2020, so will we stick to meters only going forward or will we bid for one or two contracts for our execution in FY2020?

Jitendra Agarwal: We will bid for one or two contracts for execution in FY2020, but we will be very selective.

Tarang Bhanushali: What would be our guidance for FY2020 in terms of ECC revenue?

Jitendra Agarwal: Since, the meter business is moving quite a lot towards turnkey. There is lot of turnkey projects which we are taking in meter business itself. So the capability what we have built for doing the turnkey business is working out to be a great support to the meter business also. At the same time, we will be bidding for some tenders starting from the third quarter and if we are able to succeed with nobody can confirm right now then surely we would like to do some 50 to 75 Crores business in FY20 also.

Tarang Bhanushali: Thanks a lot, Sir.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Agarwal for closing comments. Thank you and over to you Sir!

Kailash Agarwal: Thank you to all participants. I assured that the Company is doing very well and we will be going with the intact margins and better margins in the coming quarters. Whatever the budgets we have given or the projections we have given, the Company will achieve that. I thank you all and thanks.

Jitendra Agarwal: Thank you everybody. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of Genus Power and Infrastructures Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.