



“Genus Power Infrastructures Limited
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Genus Power Infrastructure Limited Q4 FY2018 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 risk 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 this 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 and Infrastructure Limited. Thank you and over to you Sir!

Kailash Agarwal: Good afternoon ladies and gentlemen. A very warm welcome to the Q4 Financial Year 2018 earnings call of Genus Power. Along with me on this call 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 a 1000 Crore plus-plus orders inflow during the year and improved execution cycle has helped us post healthy numbers for the quarter.

During the year gone by we have some differentiated business conformation’s, which include Smart Meters from Gujarat Company, Smart Meters from CESC, agreement in Nigeria from GUMCO and a very big order from EESL of 13.5 lakh meters, which was the biggest order for the Company for 453 Crores. In financial numbers when I say this Q4 financial year 2018 this is the biggest quarter that Company has done in the history of the company. We have made a revenue of 286 Crores, which is the highest number the company has achieved and we are hopeful to crossing this numbers in coming quarters. The consolidated sales was at 835 Crores i.e 30% up from last financial year and EBITDA was 93 Crores i.e 7% up from last financial year.

Now I invite the questions from the participants.

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: Sir congratulations on this strong execution during the quarter. Sir what we have seen is that during the year, our gross margins have declined drastically so raw material cost as a percentage of sales, which was 64% in Q1 has jumped to almost 71.6% so what trend can we assume going forward and was this because of the legacy orders with us and what is the proportion of legacy orders left with us?

Kailash Agarwal: Basically first you should see that, you do not compare it from the first quarter. If you compare it with the last quarter, there is not a very big difference in the raw material prices and all and there are mainly three reasons behind it. Firstly, if you see last year the company did ECC business of only 17 Crores and this year it is around 104 Crores. So raw material is always higher in ECC business. It is increasing when you go into absolute percentage but if you go for the exclusively meter percentage, there is an increase but it is 4% or 5%. Secondly, certainly there is an increase in raw material prices. Last conference call also we told that there is an increase in commodity prices and that is affecting the margins. Thirdly, there is a little decline, as you said that legacy orders are there, some low margin orders also there and that has also affected this. But going forward I do not see any issues on that, it will be almost at these levels, our ECC business will also be at these levels and raw material prices also will be at these levels. But improvement on the margins will be coming from the execution of more revenue and doing more revenues on quarter-to-quarter.

Tarang Bhanushali: Sir what is the proportion of legacy orders now with us of our total order book of 1000 Crores, 1100 Crores?

Kailash Agarwal: No, when you say legacy orders that are in what terms you say legacy orders?

Tarang Bhanushali: The orders wherein the commodity price were down and we have received those orders so what is the proportion left on the execution part for that?

Kailash Agarwal: That must be around 40% to 50%.

Tarang Bhanushali: And this includes this Smart Meter order or this would be excluding that?

Kailash Agarwal: This would include Smart Meter orders ..

Tarang Bhanushali: Almost of 1100 Crores you are saying 550 Crores is what the legacy order would be?

Kailash Agarwal: Out of this ECC is also there. Total 129 Crores is ECC so 967 Crores is meter orders. And ECC makes the big difference. When you calculate it, when you see a jump of 4% or 5% you will see that there is an increase in raw material prices from quarter-to-quarter, from first quarter to the last quarter there is an increase of 5%, but other quarters you see there is

not so much of jump and ECC always makes a big difference, there is a 17 Crores ECC financial year 2017 and 104 Crores in 2018 that has also made a big difference.

Tarang Bhanushali: Sir with the jump in revenues our working capital requirement has also shot up so what are we looking at by the end of this year?

Jitendra Agarwal: Basically, if you see the working capital right now the last quarter was a biggest quarter and complete it almost 40% more revenue in the last quarter so if you see the debtors or creditors in the balance sheet they have shot up like anything and that is because of the last quarter. Now in the coming quarters if we will be doing revenues certainly more than this from the last quarter, it will be at the same level. We always see that there is a working capital cycle of 180 to 200 days and that is remaining the same so whatever growth there will be in the company in terms of revenue there will be increase in working capital.

Tarang Bhanushali: This cycle will not go down?

Kailash Agarwal: This particular quarter you are seeing the shot up because there is a growth of 40% and last quarter I can say that there is no recovery from the last quarter in debtors there is no payment to the creditors also so it is a cycle.

Tarang Bhanushali: Okay, so next year also we can expect this same cycle working out?

Kailash Agarwal: Yes, absolutely.

Tarang Bhanushali: Okay, thanks a lot Sir.

Moderator: Thank you. The next question is from the line Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: A couple of questions from my side, can you give a breakup on a full year what was the ECC revenue and how much was meter revenue?

Kailash Agarwal: 731.98 is the meter revenue and 104.55 is the ECC revenue.

Giriraj Daga: Okay, and next year if we look at should we see this as a core business or the regular business plus EESL adding up, is that the way we should calculate the growth coming in, in this business and what is the growth number you would like to put for the existing business?

Jitendra Agarwal: EESL is what, EESL is also supplying meters to utility. EESL is one way of buying meters for the utilities. So at the end of the day, these meters will be used in UP and Haryana, so either they can come out with tender directly or they can route it through ESL. So those numbers are coming because there is an overall growth in the metering industry as there is a need of smart meters than conventional meters. Most of the electricity boards are slowly and gradually moving towards the smart meter, So, I would not say that these numbers have gone up only because of EESL. They have gone up because the whole country is to going towards Smart Meter.

Giriraj Daga: Okay, my question is more pertaining to the growth outlook next year, when we will have an almost somewhere about 180 to 200 Crores kind of a revenue coming from EESL, so should it should release 40, 40 and 20, so should we assume that may be the existing revenue should be sustained and we will add another 180 Crore from ESSL is that the right way to look at or we should look at on a total basis?

Jitendra Agarwal: You should look at in a total basis, and that is not the right way to look at it.

Giriraj Daga: And what is the growth outlook will put on a meter side of it?

Jitendra Agarwal: Growth outlook in the sense what are you expecting next financial year?

Kailash Agarwal: It is a fairly good growth. Even if you see the current order book in hand it is almost 950 Crores, that is 20%-25% ahead of more than the current financial year revenue so the growth is tend to be therea very good traction in the market.

Giriraj Daga: My second question is whether the ECC order is more or less doable in the next about nine twelve months?

Kailash Agarwal: In this financial year, more or less will be able to do these numbers of current EEC order book.

Giriraj Daga: Okay. I have two questions, one on a margin side of it. So last time when we spoke despite you reducing your prices and EESL order, based on which you said we will be able maintain the margins. Now the raw material prices are further going up, so do you think we should be able to maintain margins there, have we locked up our raw material for that?

Kailash Agarwal: We will be able to maintain our margins because there is a lot of improvement in the efficiencies also and when there is an increase in the raw material prices we are able to negotiate also with the suppliers to a certain extent.Hence,we will be able to maintain margins.

- Giriraj Daga:** Just a follow up like, few of our orders are fixed price order right?
- Kailash Agarwal:** Few of our orders are....?
- Giriraj Daga:** Fixed priceas in like EESL is a fixed price order?
- Kailash Agarwal:** All our orders are fixed price there is no variable in our order component, we do not get price variation clause.
- Giriraj Daga:** Yes, then the point was what I making was that do you negotiate with the customers...?
- Kailash Agarwal:** No, we negotiate with the supplier, with the customer is at fixed price order, fixed specifications no change in terms and condition and there is no price variation clause whether the raw material goes up goes down.
- Giriraj Daga:** My last question on the order pipeline. Sir, on the meter side of it, how it is looking over the next three to six months or about a year, which are the major utilities that are going forward, and if we can have pipeline number?
- Jitendra Agarwal:** No, there is very good number of tenders going on in the market right now and there is lot of traction in the smart meter and almost all good states like Rajasthan, Uttar Pradesh, Haryana, Bihar, Jharkhand, Maharashtra etc. i.e almost everybody right now has a smart meter tender in pipeline, which should get decided in next two to six months. So I see a very good traction in the smart meter, whatever the work happen in last twelve months canvassing about the smart meter, benefits of the smart meter and the pre-payment and lot of results are already there in the market and lot of bids are in the pipe line, so for sure in next twelve to six months there will be a very good traction on smart meter, prepayment meters and communication meters.
- Giriraj Daga:** Any idea on number if you can just give that would be helpful to us, may be about like one Crores or one and half Crores amount order?
- Kailash Agarwal:** In terms of number of meter?
- Giriraj Daga:** Yes.
- Kailash Agarwal:** In terms of number of meter they are already in the bids which are out. For the smart meters is almost two million meters, plus five million meters of EESL have also come up with one more tender, so if we put both of them together then seven million smart meter bids are already out in the market.

- Giriraj Daga:** Okay perfect Sir. Thanks a lot and all the best.
- Moderator:** Thank you. The next question is from the line of Deepesh Agarwal from UTI Mutual Fund. Please go ahead.
- Deepesh Agarwal:** Good afternoon gentlemen. Congratulations on good set of numbers. My first question is what is the revenue coming from EESL tenders this quarter?
- Jitendra Agarwal:** Current quarter?
- Deepesh Agarwal:** Yes, Q4?
- Jitendra Agarwal:** Fourth quarter, meaning last quarter, January, February and March is zero.
- Deepesh Agarwal:** Zero.
- Kailash Agarwal:** The delivery has to start from April – May from this quarter to EESL.
- Deepesh Agarwal:** Okay and what percentage of the order would be executed in FY2019?
- Kailash Agarwal:** For EESL?
- Deepesh Agarwal:** Yes.
- Kailash Agarwal:** EESL 40% is as per the delivery schedule but as far as I understand they will take more meters within the financial year, they have been pushing us to ramp up our capability, which we are capable of doing it. So 40% is minimum - as per the delivery schedule we are well within the delivery schedule and very positive that they will take much more number from us within this financial year.
- Deepesh Agarwal:** Whether EESL has approached Genus for any additional tenders because what we understand that L1 and L3 players in the earlier tenders are struggling to supply so is there any such approach from the EESL?
- Kailash Agarwal:** There are lots of things, which happened with the customer. I do not think so I can reveal that.
- Deepesh Agarwal:** Okay and was there any GST related provision in Q4? I remember in last quarter and even in the...?

Kailash Agarwal: There is no provision because already that comes in the margin. Any effect of that is reduction in the margin, so there is no provisions required for that.

Deepesh Agarwal: So what is the quantum of debt reduction in the margin because of the GST?

Kailash Agarwal: If you see that there is a downfall in the margins. There is a downfall in the EBITDA level, so that is because of some reasons. So one of the reason is GST, if you take a provision for that that go out of our pocket it is already going out from the margins.

Deepesh Agarwal: Because in the Q2 and Q3 you have highlighted some number, which was because your customers were not giving you, GST related rate hikes, so is there similar kind of an expenses this quarter, which you have booked in the account?

Kailash Agarwal: we were specifying in second quarter that was because of that then in Q3 I told that there is some fight going on with the government in IGST and SGST. They have not passed our taxes because we are in tax free zones. So we are not getting that pass through of all the taxes and that is why that is affecting our margins. Since, But that is a pass through we are not getting so that is already coming in the margins, there is nothing to make provision for that.

Deepesh Agarwal: Okay and lastly when do you expect the results of that 1 Crores prepaid meters by EESL to be out?

Kailash Agarwal: Results in what?

Deepesh Agarwal: I guess they have already taken the financial bids from the players right for the 1 Crores?

Kailash Agarwal: Yes, they have taken the financial bids. They have now opened the price bids, so when they go for the reverse auction and all only, when we will get to know with the time. So right now it is under process.

Deepesh Agarwal: It is possible that it will be concluding in next six months?

Kailash Agarwal: Yes, should be concluded in next six months.

Deepesh Agarwal: And even the second round of EESL 50 lakh smart meter should be concluded in the next six months, right?

Kailash Agarwal: Yes. Those two bids should be concluded in next six months.

- Deepesh Agarwal:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Manish Goyal from Enam Holding. Please go ahead.
- Manish Goyal:** Very good afternoon Sir. Just couple of clarifications on this EESL 10 million prepaid meters. We were already L1 I believe in this tender right Sir?
- Kailash Agarwal:** The bids are already open. We are not L1, but yes, there is a fairly good chance.
- Jitendra Agarwal:** There is no point of L1, L2, L3 because it does not happen. It all depends on the reverse bids, how it happens, so they are in the process of coming reverse bids and all. We do not know how it will work.
- Manish Goyal:** Okay so the newspaper is also not the right indication for us in terms of pricing?
- Kailash Agarwal:** You cannot say anything, because last time also it was a reverse bidding.
- Manish Goyal:** Sure, okay. And you expect these two probably happen in next couple of months?
- Kailash Agarwal:** Yes, two to three months I surely expect them to get matured.
- Manish Goyal:** Okay. And Sir you also mentioned that in terms of pipeline, you said there is another five million smart meters tender from EESL?
- Kailash Agarwal:** That is for two different states, not for UP and Haryana.
- Manish Goyal:** Okay. And this should ideally get floated by when Sir?
- Kailash Agarwal:** They are already floated. The bids will be called next week. Financial bids will be submitted next week.
- Manish Goyal:** These are also prepaid meter Sir?
- Kailash Agarwal:** These are smart meters.
- Manish Goyal:** Just a clarification, if you can just give an order book breakup between meters and the EEC as on date?
- Jitendra Agarwal:** Mr. Agarwal also mentioned just now, so for EEC it is around 120 Crores.

- Kailash Agarwal:** I'll give the exact numbers, meter supply is 967 Crores and EEC is 129 Crores.
- Manish Goyal:** I missed on that earlier. And you did mention on the margins front that at the current level margins are likely to be sustainable and if with volume growth we probably may see margin increase so would it be possible to give a sense as to because earlier we were looking at 14% to 15% margin in the products business. So if you can indicate as to what kind of margins we can expect in FY2019 Sir?
- Kailash Agarwal:** Basically, we were looking for margins of 14%. There is no doubt about that and we achieved a margin sort of 11% so there is a dip of around 3% . for the whole year there were few factors for that. GST was a factor for that. There were some legacy orders were there and there is an increase in raw material prices also for that. Then if you see in which we last year did 17 Crores, which is a low margin business this year we did 104 Crores so that is also reason but if you compare from last quarter to this quarter you will see that there is an increase in margins, there is an increase in EBITDA level almost of 2% and that has come from the efficiency. If you will see that employee cost that has decreased by almost 2%. If you see other expenses has declined by almost 1.8%. There is some increase in interest cost and all so when we see the efficiency of the company it clearly shows the increase of 40% efficiency of the company, there is almost an overheads decrease of 3.5% to 4% so that debt will be sustainable and we are expecting more efficiency of the company and more revenues, more growth in financial year 2019. So basically we are hopeful we can achieve our old levels and all and that would be a very big surprise for us.
- Manish Goyal:** Okay. Earlier we were probably at 13%-14% so that is something we can achieve?
- Kailash Agarwal:** Already this quarter we have achieved 12%.
- Manish Goyal:** Sir in ECC what margins you would have roughly done on a revenue of 104 Crores Sir?
- Kailash Agarwal:** That number I cannot tell you.
- Manish Goyal:** But is it profitable, earlier you had guided for 8% to 10% margin which is likely so, is it near that number?
- Kailash Agarwal:** I think it will be near that number. It will be around 8%-odd something like that.
- Manish Goyal:** Okay. And Sir one last question, we had earlier given a press release that we have received the BIS certification for smart meters and probably only company go get it so just if you can highlight what is the relevance and how it can help us going forward?

- Kailash Agarwal:** We are the first company in India to get the BIS Smart certification for smart meters, 16444 so unless you have the BIS mark you cannot supply smart meter in the market. So till anybody else gets, it has a very strong legacy.
- Manish Goyal:** Thank you so much I will come back for more questions.
- Moderator:** The next question is from the line of Raj Parekh from Anand Rathi. Please go ahead.
- Raj Parekh:** Good afternoon Sir. Congratulations for good set of numbers. Sir I just have a couple of questions, one being what would be the execution cycle on the existing order that we have in hand?
- Kailash Agarwal:** Execution cycle for the current orders in hand?
- Raj Parekh:** Yes.
- Kailash Agarwal:** Apart from the EESL order which is for three years, we have to supply 180 Crores worth of material this year and remaining will go to next year and next year, remaining all the orders so if you see 1094 is the current order book out of that almost 275 Crores will go to next financial year, rest all the orders have to be executed within this financial year.
- Raj Parekh:** Okay. Sir one more thing, the smart meters that we make, how much component of this margin is imported and how much is made in India?
- Kailash Agarwal:** Lot of raw materials like electronic chips, wafers, they are all imported but they have their distributor based out of India. Some of the silicon chips are manufactured in India. So these are the fine components which are imported but rest all other things like PCB, spare boards, capacitors, transistors all these electronic components of the PCBs, all the metal components are domestic, all indigenous. Nearly you can say 25% to 30% of raw material of the total raw material is imported.
- Raj Parekh:** Okay. And Sir what would be the realization level in the prepaid smart meters versus the normal one?
- Jitendra Agarwal:** This prepaid smart meter is a very custom built product. In case of selling these smart meters ranging from Rs.3500 to Rs.15000-16000 it depends on the requirements of the customer so that way to define a price range is very difficult, it is a custom built product.
- Raj Parekh:** And what are the normal ones which we are already getting into the smart meter segment?

- Jitendra Agarwal:** It will be in the normal meters. It depends on the specifications, the requirement or the customer requirement. It is a very customary product but generally the normal single phase meters are selling anywhere in the range of Rs.250 – Rs.600.
- Raj Parekh:** Thank you that was very helpful.
- Moderator:** Thank you. The next question is from the line of Meet Chande from Equirus Securities. Please go ahead.
- Meet Chande:** I just wanted to know what would be the export percentage of the total revenue, which you had earned in FY2018?
- Kailash Agarwal:** Export sales is 22 Crores.
- Meet Chande:** Okay and what is the traction building on the export side that is what I am asking, so what is the growth, which you are expecting next year on the exports?
- Kailash Agarwal:** Right now the order book for export is 50 Crores and we will be expecting more orders on export side also, so we feel that there will be a very good growth in exports also.
- Meet Chande:** So on exports side mainly the orders will be coming from the Nigeria or any other markets, which other markets are we targeting?
- Kailash Agarwal:** They are coming from different parts of the world, and out of this Nigeria is a very small portion.
- Meet Chande:** Okay, so which are the main countries you are targeting?
- Kailash Agarwal:** We are primarily targeting Southeast Asia and eastern countries. So these are the two major continents we are working on for export of meters.
- Meet Chande:** Okay and any guidance for this total metering revenues and ECC revenues for FY2019?
- Kailash Agarwal:** Can you repeat?
- Meet Chande:** Any revenue guidance for the metering in ECC for FY2019 for the next year?
- Jitendra Agarwal:** There is an order book of almost 1100 Crores and out of that we can say that 280 Crores is a EESL one which has to be in 2021. So if we reduce that from 1100 crores it will be around 800 Crores or 830 Crores and then the whole year is there for lot of orders or lot of

things are coming. Generally, meter order supply is from six to nine months so we have to complete a cycle i.e a particular order in six to nine months so basically right now it is very difficult for us to just give you the numbers. We are just working on it. In any case we have to supply this 830 Crore meters in this particular year and then a lot of orders which will come to us has to be executed in this particular year .Like we are talking of 10 million meters prepaid and five million from other EESL and so many other things are there, so basically you will see a very good growth, a growth like we have seen from Q3 to Q4 but it will be very difficult to give you the exact numbers. There will be a very good growth that much we can assure you.

Meet Chande: That is all from my side. Thank you Sir.

Moderator: Thank you. A next question is from the line of Nirmal Shah from Seraphic Management. Please go ahead.

Nirmal Shah: Good afternoon Sir. Sir I just wanted to check the EESL tender what you have got, how much of that is actually in a way of sub-contract things from ITI?

Jitendra Agarwal: Not a single meter. Only from EESL directly, even I have read many media news which was very surprising for me, if the order is directly from EESL we are not supplying single meters to ITI.

Nirmal Shah: Sir there are also various articles which are suggesting that some of the companies, which participated in the EESL tenders earlier they are not able to deliver or they are not able to achieve a milestones. So are you seeing some benefit of that in the future bids of EESL tenders or are the guidelines becoming more stringent and all?

Jitendra Agarwal: For sure the market will become more mature and if somebody is unable to supply to the customer according to his needs, he is intelligent enough to take countermeasures. So whomsoever will perform better will surely have a better future.

Kailash Agarwal: And here one thing to add EESL is not the customer, the customer is State Electricity Boards, which are already using good company's meter. So they know from whom they have to take meters and from whom they do not have to take.

Nirmal Shah: Sir you just mentioned in a question before that there are some meters of EESL, which are due for a delivery in 2020-2021 and you also mentioned that this tenders are fixed by contracts so then how do you mitigate this raw material pricing risk for long duration contracts?

- Kailash Agarwal:** Basically, we do that in the same way we do back-to-back with our suppliers. Like EESL we know that delivery for 2.5 year or 3 years so we talk to our suppliers in that way only. When we quote we talk to our suppliers also that these are the tenders we are participating and if it comes you have to also add that for us.
- Nirmal Shah:** Sir but does this kind of hedging mechanism available for such a long duration, means I understand you would be doing this day in day out?
- Kailash Agarwal:** There is no mechanism in that but basically that way we are taking risks for our customer. Our seller is also taking risk for us.
- Nirmal Shah:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kushal Rughani from HDFC Securities. Please go ahead.
- Kushal Rughani:** Sir my question was with respect to other income, if we see consolidated numbers other income has grown from 30 Crores to 55 Crores, so what is the component in that?
- Kailash Agarwal:** Basically, there is a trust under the company, which holds shares of Genus Power and Genus Paper, so value of those shares as per Ind-AS we have to give that consolidated numbers and all. So as per the market value that has gone up.
- Kushal Rughani:** Okay, so the large bifurcation would be what, among this 55 Crores?
- Kailash Agarwal:** It is only for the shares. The trust holds 5 Crores shares of Genus Paper and approximately 2.8 Crores shares of Genus Power. So the value at which those shares were taken in last balance sheet, now as per the Ind-AS accounting standards the value have increased.
- Kushal Rughani:** And the last 30 Crores was with respect to same only?
- Kailash Agarwal:** It is same only.
- Moderator:** Thank you. The next question is from the line of Anand Ashi from Allegro Capital. Please go ahead.
- Anand Ashi:** Congratulations on a good set of numbers. I just want to have clarity on the margins, you know on the previous quarter we had spoken of the 2.5% impact because we no longer getting the tax exemptions in the excise free zones and we were hoping for some relaxation from the government and you were quite confident of that actually coming through so we do

not seem to be sounding as confident of that actually. The relaxation have now coming in so just want to, any overall outlook on, do you expect the compensation because of this or is that no longer expected?

Kailash Agarwal: No, we still expect that and we are still fighting it with the government and many of the companies have gone to court also for this fight. Sonow basically you cannot say anything that when we will be getting it or we will be getting it or not.

Anand Ashi: Okay, so the outlook is fairly unclear with relation to this?

Kailash Agarwal: Yes.

Anand Ashi: Perfect. Sir the other question is you know we have spoken about being able to maintain margins what level are we speaking from ? As in is it from the 12.3% Q4 exit run rate of the 11% for the full year or is it really a historical margins of 13%-13.5% ? So if we look at the FY2019 margins and these you still are maintaining it from which particular base, is it 11, 12 or 13?

Kailash Agarwal: Basically, last quarter also I told that from coming quarter continuously you will see a better margin. From these levels or the overall levels end of the day financial year 19 we will be reaching at the old levels.

Anand Ashi: So we should be looking somewhere in the 12.5% to 13.5% depending on how it comes about?

Kailash Agarwal: Yes, 13 to 14 will be a better number.

Anand Ashi: Lastly just a small question in terms of the old CFO, Rakesh Kumar Agarwal has resigned any reasons behind this thing?

Kailash Agarwal: Basically he just wanted to have his own work that is why he resigned. There is no particular reason behind that.

Anand Ashi: Thanks Sir.

Moderator: Thank you. The next question is from the line of Rajesh Agarwal from Moneyore Investment Advisors. Please go ahead.

Rajesh Agarwal: Sir are the EESL orders at a low margins, what are the EBTIDA levels for EESL orders?

- Kailash Agarwal:** If you see blended margins of EBITDA, there is no doubt that there is a downfall in the price but efficiency as I told you is the reason for better margins. Also, you cannot recognize that these numbers are coming from EESL order or these numbers are coming from other orders, blended margins you can talk then that it will be at the same level.
- Rajesh Agarwal:** So you cannot assume the EESL orders are at lower margins in terms of smart meters?
- Kailash Agarwal:** No blended you can fairly assume that it will be at the existing level.
- Rajesh Agarwal:** Sir suppose the existing orders which you will execute in next nine to ten months and supposedly we get new orders in next three to four months, so can there be an 30% to 40% increase in the topline?
- Kailash Agarwal:** Fairly.
- Rajesh Agarwal:** Possibility. Okay and any scope of improvement in working capital Sir?
- Kailash Agarwal:** Right now we do not see. We cannot comment on that because it all depends on how the things work with EESL and all. We are not projecting that there might be an improvement in the working capital cycle but we are not taking it in our favour.
- Rajesh Agarwal:** Any terms and conditions, payment terms and conditions with them?
- Kailash Agarwal:** With whom?
- Rajesh Agarwal:** With EESL?
- Kailash Agarwal:** In terms of what is there in the tender and according to that we have got the payment.
- Rajesh Agarwal:** I understood but possibility of scope of working capital improvement is there?
- Kailash Agarwal:** Yes, there is a possibility but how it works that depends.
- Rajesh Agarwal:** And last question Sir, for FY2019 will we have any maintenance capex or normal capex ? Any figure?
- Kailash Agarwal:** The normal capex, which the company is doing every year for the moulds and dyes and everything, so that will be normal capex.
- Rajesh Agarwal:** That will be how much Sir?

- Kailash Agarwal:** It will be around 20 Crores.
- Rajesh Agarwal:** And what will be our tax rate, tax rate will be same?
- Kailash Agarwal:** We are on MAT. Yes.
- Rajesh Agarwal:** Thank you Sir.
- Moderator:** Thank you. We had a follow up question from the line of Tarang Bhanushali from IIFL Wealth. Please go ahead.
- Tarang Bhanushali:** What would be our volume sales per meter this year for FY2018?
- Kailash Agarwal:** Meters the exact number is not ready on my presentation, but it is almost 5.6 million meter. We will just check in a minute and tell you.
- Tarang Bhanushali:** And Sir on the order book side, you have given net of taxes this quarter so what would be the gross level sales we can compare it a previous year?
- Kailash Agarwal:** Add 18% GST on it.
- Tarang Bhanushali:** Sir and sorry to harp on this question on margins, when I compare it with Q3 or Q4 performance in Q3 also we had almost 32-33.2 Crores of ECC execution in terms of revenue and this quarter we had 30 Crores but our raw material as a percentage of sales has jumped almost what 200 BPS. So my question is will this continue or will we see this going down?
- Kailash Agarwal:** Basically, it is almost at a flat level. It will be at Q3 levels. from quarter-to-quarter you cannot compare on the raw material prices because it all depends on what type of meter has gone, what type of ECC work has been executed. Last quarter it was more of services or more of the raw material so basically it all depends, if there is an increase in raw material prices of around say because of the dana things and all but that is not a very huge amount we can say but 4% or 5%. Whatever difference you see there is a difference of 1.51% from third quarter to fourth quarter. So there might be many reasons for that, you cannot compare it from quarter-to-quarter.
- Tarang Bhanushali:** And Sir what would be the EESL revenue that you would be expecting in FY2019 would it be flat or we would see the complete execution of 129 Crores in FY2019?
- Kailash Agarwal:** Almost flat.

- Tarang Bhanushali:** Thank you Sir.
- Moderator:** The next question is from the line of Arun Damodar Kedia as an Individual investor. Please go ahead.
- Arun Damodar Kedia:** Good afternoon Sir. On the profit before tax you normally provide for 26% to 27% tax. In this quarter you are almost 57% is this new thing or this is one off?
- Kailash Agarwal:** This is just for this particular quarter. There has been an increase in deferred tax charges. So if you see the current tax it is at the same level, all the increase is because of deferred tax.
- Arun Damodar Kedia:** No Sir in future also you should expect that these are the taxes to be because almost all the profits are taken over by that?
- Kailash Agarwal:** No, it cannot be like that. So much of deferred tax every quarter cannot be possible.
- Arun Damodar Kedia:** This is a one off right?
- Kailash Agarwal:** Yes.
- Arun Damodar Kedia:** The second is despite the earning per share going up, you have reduced the dividend, why?
- Kailash Agarwal:** We have not reduced the dividend. The company has a policy of 25%, if you see the company's dividend policy it says 25% of the total net profit made by the company so we have given that, 25% as per the company policy.
- Arun Damodar Kedia:** No, last year it was 0.45 paise this year it is 0.41 paise, the earning paise have gone up from 2.68 paise to 0.3 paise?
- Kailash Agarwal:** Dividend policy declared by company a year back it says that 25% of the total net profit will be given as dividend.
- Arun Damodar Kedia:** Okay, total net profit of the consolidated or the standalone?
- Kailash Agarwal:** That is not on the consolidated numbers.
- Moderator:** Thank you. May I request Mr. Kedia to join the question queue for any follow up as we have several participants waiting for their turn.
- Kailash Agarwal:** Yes, just to answer one of the queries that has come, last year we have sold 65 lakh meter, 6.5 million number.

Moderator: Thank you. The next question is from the line of Manish Goyal from Enam Holding. Please go ahead.

Manish Goyal: My question has just got answered. Thank you so much.

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

Anand Ashi: Some people have asked questions with relation to ITI and KEONICS, had won EESL tenders, the question really was are these companies also pre-qualified when it comes so tenders that come out from State Electricity Boards and how many kind of players really are pre-qualified for SEB level tendering not the EESL tenders per se, but the SEB tenders?

Kailash Agarwal: Today not a single tender they are qualified because most of the tenders that come in the State Electricity Boards they are always passed through the past performance and experience of the same kind of product which neither ITI have nor the KEONICS have, so till today and once they will become experience only once they supply material to EESL and then through EESL to the Electricity Boards and then they have a performance of one to three years then only they will start qualifying for the SEB tenders till now it is not a single tender they qualify.

Anand Ashi: Sir how many players would be pre-qualified for say the larger SEBs speaking both of normal meters and also specifically for smart meter so how many pre-qualified players are really there?

Kailash Agarwal: There are many companies. It is very difficult for me to number, that this number of companies are prequalified but there are many companies in other countries. Mainly you can say four -five are major players and there are many smaller players, there are state specific players also. It is very difficult to give a number.

Anand Ashi: Sir in an alternative form typical kind of SEB tenders, how many people would be kind of bidding?

Kailash Agarwal: It depends on the kind of bids. There are even 12, 13, 14 people bid, there are bids where there is not more than three four people come, there are bids that only two people do so there are different bids with different terms and conditions and it is very difficult to say. It is depending on the states depending on the kind of product, kind of meter, it depends on so many things.

Anand Ashi: That is very helpful. Thank you a lot.

Moderator: Thank you. We will take the question from the line of Meet Chande from Equirus. Please go ahead.

Meet Chande: Thanks for taking my question. Sir just wanted to know with the execution picking up make sure, what will be the outlook on the debt levels?

Kailash Agarwal: Debt level basically if you see right now, it is almost if you see the net debt it will be around 60 Crores so it all depends how the growth comes, so what if there will be a growth of we say 40% so there might be some increase in debt but it is all depends how the EESL things and all works. Basically there will be an internal accrual also. We are talking about 13% - 14% margin so there is will be internal accruals also where we are getting a good credits also so it might be possible there is no increase in debt.

Meet Chande: Okay. And Sir last question from my side is what is the update on this base meter product? Is that has been developed and are we seeing any demand on that side?

Kailash Agarwal: Base meter needs lot of certification so it is under certification more so next in few months once we get certified and we can launch our product in the market.

Meet Chande: Thanks a lot.

Moderator: Thank you. The next question is from the line of Deepen Shah as an individual investor. Please go ahead.

Deepen Shah: Thanks for the opportunity. Congrats on a good set of number. Sir I had a couple of questions, firstly on the data point, what would be the current price on a plastic dana like last quarter we have seen over the last couple of quarters there has been an increase so if you can just quantify what is the price of dana today and how much was it in the last quarter?

Kailash Agarwal: That numbers I do not have in my hand.

Deepen Shah: Approximately will it be or 10%-15% higher quarter-on-quarter?

Kailash Agarwal: Very difficult for me to comment on that.

Deepen Shah: Sir as a corollary to the EESL order, which we are expecting to start in April – May we probably bid in the two to three quarters back and that time we were probably taken the plastic dana price at those levels, so do you think that we should \ have a similar or a better margins in that order because that order is going to contribute about 20% of next year

revenues and according to my understanding that should probably have a slightly lower margin because of the raw material price as well as the GST impact?

Kailash Agarwal: GST impact was there, when we quoted that so there is no GST impact, but there we made the bid, GST was already there so that is not a worry at all and when it comes to raw material so it is an ongoing phase. We are running meter business for last eighteen – twenty years. All the orders in meters business in order is always fixed price, on fixed terms and conditions. So we cannot say this particular order since we are taken at that particular dana level will have an impact like this very, very difficult. We have to see the overall scenario of the business. So Ganga used to take business at more competitive prices, few products prices sold at very high margins also but it is a mix at the end of the day. It is a product mix; it is a business mix, which gives you the result at the end of the day.

Deepen Shah: Sir lastly, last time on the EESL order the initial bidding, which was there and after that ITI came in and it has just reduced the prices obviously it has not been able to execute the order so is there any indication or what is your opinion, this time also the reverse bidding mechanism will come in just because to reduce the prices or you know now because of the execution issues those PSUs may not come in?

Kailash Agarwal: Very difficult to comment, need to check from the MD of EESL he is the final authority as a the customer but as a provision on the tender yes reverse bid has a provision in that tender.

Deepen Shah: And all the PSU companies even without experience can bid for these projects?

Kailash Agarwal: For the smart meters they can bid, but this time they made it more stringent, it would not be easy for everybody to bid. You have to understand once the customers become more experience also ,but at the end of the day he has to also deliver it to his own customer so for sure better performance will have better future.

Deepen Shah: Thank you very much Sir and all the best.

Moderator: Thank you. The next question is from the line of Kunal Shah from Allegiance Advisors. Please go ahead.

Kunal Shah: I just had one question pertaining to deferred tax asset for which higher provision has been made in the current quarter, so just to understand the deferred tax provision would increase would give you income tax less as compared to properties for as a company because of the timing difference, so I do not see any major time difference within these assets, right so if you could explain the reason for increase in deferred tax?

Kailash Agarwal: Basically, there are number of things due to which the deferred tax is increased we will get you for that.

Kunal Shah: Yes, please because I mean the basic premise being that profit tax per income tax what we are paying or what profit tax for income tax has made this and then what as per companies act only then there can be an increase in deferred tax is it right.

Kailash Agarwal: That is true.

Kunal Shah: Just wanted to understand in mean I would appreciate that if you could get back with the details.

Kailash Agarwal: Yes you can connect to the SGA our Investor Relations and we will get you back with that numbers.

Moderator: Thank you. Ladies and gentlemen that was the last question I now like to hand the conference over to Mr. Kailash Agarwal for closing comments. Thank you and over to you Sir!

Kailash Agarwal: Thank you ladies and gentlemen. I am very happy with the way the business is going and we are very hopeful that this year will be a great year for the company and if there are any further queries you can connect SGA, our investor relations. Thank you very much. Thanks to all.

Jitendra Agarwal: Thank you everybody. Thank you.

Moderator: Thank you very much. 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.