



“Genus Power Infrastructures Limited Q2 FY-21
Earnings Conference Call”

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LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Genus Power Infrastructures Limited Q2 FY21 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 date of this call. These statements are not the guarantees of future performance and involves 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 of Genus Power Infrastructures Limited. Thank you and over to you, sir.

Kailash Agarwal: Good evening, ladies and gentlemen. A very warm welcome to Q2 FY21 Earnings Call of Genus Power. With me on call is Mr. Jitendra Agarwal – who is the Joint Managing Director of the company and SGA, our Investor Relations Advisors. The results and investor presentations are uploaded on the stock exchange and company website. I hope everybody has had a chance to look at it.

Our business operations have recovered to a great extent vis-à-vis the previous quarter though it will take some time before we reach pre-COVID capacity utilization levels. Despite challenging environment we are pleased to have reported significant improvement in financial performance as compared to the last quarter. We have recorded sales of Rs. 165 crores for Q2 FY21 as compared to Rs. 84 crores in Q1 FY21, a jump of almost 97%.

The improvement in revenue was on account of improvement in capacity utilization, better price realization along with improved product mix. For Q2 FY21 EBITDA profit stood at Rs. 34 crores as compared to EBITDA loss of Rs. 2 crores in Q1 FY21. EBITDA margin stood at healthy 20.8% on account of benign raw material prices, better product mix and better absorption of fixed cost.

Profit before tax stood at Rs. 30 crores as against loss of Rs. 5 crores in first quarter. Onetime provision of Rs. 12.6 crores related towards settlement of past litigation under the ‘Vivad Se Vishwas Scheme 2020’ impacted PAT which stood at Rs. 6.8 crores for Q2 FY21 as against net loss of Rs. 3 crores in Q1 FY21. Excluding the onetime provision, our PAT margins would have stood at a very healthy 11.7% despite suboptimal capacity utilization.

Cash PAT stood at Rs. 25 crores for Q2 FY21 as compared to Rs. 2 crores in Q1 FY21. We are confident of significant improvement in our business operations in second half of FY21, provided there are no further shocks. Our current order book stood at Rs. 1,068 crores which gives a healthy visibility for growth over next three to four quarters.

New orders inflow has remained sluggish as the tendering process has been slightly delayed and spilled over to the second half of this financial year. We expect robust order inflows to start from the month of November. State Electricity Boards are in transition phase to draw out the detailed roll out process for shifting procurement from conventional meters to smart meters. Also, we will remain very conservative in selecting our clientele with security of payment being a key focal point.

The distribution sector is the weakest link in the entire power value chain and greatly affects power generation companies. The issue of under-billing and under-recovery of collection is resulting in more than Rs. 1 lakh crores of revenue loss annually for Discoms. Smart metering solutions integrate electronics meters with the billing software of Discoms and improve their billing efficiency to almost 100%.

Therefore a lot of thrust is coming from the Central Government for deployment of smart meters across India in order to lower the AT&C losses, improving billing efficiencies, reduce Discoms' financial woes, enhance consumer convenience and rationalize power consumption. A recent report by Energy Efficiency Service Limited, the agency responsible for the implementation of smart meters across the country showed that all states with smart meters were installed at good results with an average increase in billing of nearly 25%. Utility companies are estimated to recover their entire investment in smart meters in just two to three years by the way of huge saving from decrease in power theft and increase in collections.

The government is considering another reform scheme aimed at investing funds in network infrastructure like smart meters. The scheme would primarily involve the implementation of compulsory prepaid smart meters for the 250 million households with an aim of lowering AT&C losses of Discoms to 12%. The new scheme is likely to have central funding of up to Rs. 1.1 Trillion (\$16.3 billion) over three phases and remaining balance of Rs. 2.9 Trillion (\$42.5 billion) will be funded by states. Thus, we foresee a lot of traction in our business going forward. The proposed Electricity Bill 2020 may also usher in a major distribution reforms.

Government is in process of drafting standard bidding document and outlining the terms and conditions for deployment of smart meters across India. Pre-qualification criteria is likely to become very stringent to facilitate the entry of only quality companies having robust execution track record. EESL along with the National Investment and Infrastructure Fund (NIIF) has formed a JV - IntelliSmart Infrastructure Private Limited to implement the smart meter roll out programme of power distribution companies.

The demand is now likely to increasingly shift from conventional meters to smart meters. We are confident of sustaining our margins going ahead as product mix changes in favor of smart meters. Also, as proportion smart meter in the overall pie of meters increases, the margin profits of our business will gradually improve.

India's energy consumption is set to grow at the rate of 4.2% a year by 2035, fastest among all major economies. More than 28 crores consumers are grid connected whose conventional

meters will need to be replaced by smart meters. Thus, there is a tremendous growth prospect for us in the year ahead and we are fully geared up to capitalize on this enormous opportunity.

We have continued to focus on technology upgradation and operational efficiency to serve our long-lasting relationship with our clients which has engraved our leadership position. In smart meters the company will also have a lot of opportunity in terms of weakening revenue as facility management system (FMS) will also be part of the contract. We as a company are specifically targeting recurring revenue as an avenue for sustaining our growth. We also plan to provide our domain related software to our clients. And we are focusing on software and basically making Genus as a technology company. We can now open the line for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pankaj Bobade from Axis Securities. Please go ahead.

Pankaj Bobade: Sir, that is one part of my question. My question is as you mentioned that you are going to take your company to being a technology-oriented company. So going forward, maybe three years down the line, what is the roadmap for that? How do you see the revenue breakup between the smart meters and the recurring services associated with it?

Jitendra Agarwal: So first of all Genus is already a technology company. We are Government of India recognized R&D center for last 20 years. We are NABL approved lab from last 20 years so smart meters or electricity meters are being designed, developed, manufactured by technology company only. We have more than 250 engineers in the R&D center. Out of 250 people, 100 people are in the software division.

Generally we relate companies to the software sector when it is a program software. We do lot of embedded software also. So Genus is a technology company, I want to clarify that very specifically. If you see that current order mix we have 3-4 orders we have where we have to do FMS. So generally the FMS is to be done for 5 to 6 years. So it depends on contract to contract. As on date, our FMS order book is around Rs. 100 crores. So you can divide this Rs. 100 crores over next five years so that would be the recurring revenue.

Pankaj Bobade: How is the industry shaping up because as you very well mentioned that 25 crores meters are to be replaced going forward, and this will help the Discoms to save on AT&C losses. I very well take that point but I wanted to understand who all are the players? I also understand that Reliance is planning to enter into this field. So what are the contours and where do we stand?

Jitendra Agarwal: First of all, Reliance is a telecom company and Reliance is not entering this market. If you see the AGM of Reliance, even at that time this was mentioned. This is like one more portfolio for any telecom company. Genus is working with Reliance as a telecom company not only with Reliance but also with Airtel and Vodafone from last one-and-a-half to two years. All these smart meters, have a two-way communication. And all this communication is primarily hold by these three telecom companies in the country. So Reliance is not doing something new.

Rather we have already integrated our meters. We have done some pilot projects with their IoT communication.

We have done some pilot projects with their IoT communication. So Reliance is not entering any new. This news was definitely a big news and anything that comes from Reliance, people have to take it very seriously. As a metering company we are very happy that these large companies like Reliance, Airtel, Vodafone will take interest. The biggest challenge that Discoms are facing is the financial challenges and with such large companies coming into the foray, these challenge will also get away to a certain extent.

So as Genus we are very happy when such large companies are taking so much of interest in the smart metering, because unless the telecom companies take full interest in the smart metering, smart metering cannot happen at a very large scale. At the end of the day communication is held by them.

Kailash Agarwal: And their main interest is the recurring revenues they will get from that.

Jitendra Agarwal: Even today 20 lakhs to 25 lakhs smart meters which are running in India, at the end of the day all these smart meters have to be connected by any telecom company. Finally, the data is transmitted by them only.

Pankaj Bobade: Okay with their deep pockets is there any probability that they dislodge any player and take his place, just a thought?

Jitendra Agarwal: No thought is wrong, but why a company like Reliance would like to get into any kind of manufacturing business. And even if they want to, Reliance or Airtel, today we are also in the same space. So we will compete, and I am sure we will do better than these large conglomerates because for them this is too small and for us this is bread and butter.

Pankaj Bobade: What are our moats, I mean the strength of our business?

Jitendra Agarwal: We are in the metering business from last 20 years and we are into deep rooted into this technology business and we hold almost 30% market share in the country. We are completely backward and forward integrated and fully involved in metering. We are not just a blackbox manufacturer. We are a solution provider, so that is where Genus stands very strongly in the market. So from conceptualization till the final product, everything we are doing is in-house. So that is what our strength is.

Moderator: Thank you. The next question is from the line of Ashwini Sharma from Anand Rathi. Please go ahead.

Ashwini Sharma: What led to the significant jump in the gross margin during the quarter? Is it product mix or lower raw material cost and what will be the sustainable margins going ahead?

Jitendra Agarwal: See it is primarily the product mix. Most of the orders what we have in our hand are for smart meters. It is definitely improving the margins. So from the previous quarter to this quarter the improvement is of course on account of capacity utilization - the business has started rolling in the right direction.

As we all know, first three months were absolutely almost gone because there was not much work happening in the field, as unless the customer is able to work in the field, the off take becomes very slow. Same thing has happened in the second quarter also. It is not up to the level where it should be. But yes things are getting better and good margins are because of the product mix of course.

Ashwini Sharma: What is the guidance on margins going ahead if you would like to give?

Kailash Agarwal: We have always said that our margins would be around 16% -17% and it will be in that direction only. It will be in the improvement direction. I will not say that it will be sustainable at 21% that has come in this quarter. But 16%-17% is a sustainable margin..

Ashwini Sharma: Sir, in our order book of Rs. 1,000 crores what is the contribution of smart meters?

Jitendra Agarwal: Around 70%.

Ashwini Sharma: And sir my final question is what was our FY20 full year utilization level and where are we vis-à-vis last year currently?

Jitendra Agarwal: So last year we did around 7 million meters of different product-mix and we can comfortably do 10 million meters to 11 million meters. So, we can say 65% capacity utilization in terms of manufacturing.

Moderator: Thank you. The next question is from the line of Vijay Bhayani from Samyak Financial Solutions. Please go ahead.

Vijay Bhayani: Sir, I would like to understand a bit more about this facilities management system (FMS) as well as the billing software that you are talking. Is FMS a part of the tender or is it separately negotiated with the companies? And is it just kind of administrative work you will be doing in terms of FMS or will it be linked to the amount of savings that you generate for the clients by in terms of T&D losses and all that? How is your revenue linked with your services?

Jitendra Agarwal: So this has nothing to do with the T&D losses. It depends on the contract to contract. In some contracts this is part of the tender. In some contracts this is not part of the tender. So just to give you examples, smart meter is not only a product. It is a complete solution. When we do smart meters, we are also providing Head End system software along with it. and lot of billing solutions along with it. So what the customer is expecting from us is software as a service.

So what customer wants from us is that we completely manage this whole gamut and handhold the whole work for say next 5 to 7 years. Generally all these smart meter contracts what we have taken in Rajasthan or Tamil Nadu, or what we are doing in Indore are all this are like this - where the meter is supplied, solution is supplied, installation is done and then it is completely managed for next 5 years to 7 years. So for 5 years to 7 years we are not doing only administrative role, we are maintaining the SLA (Service Level Agreement). So we have to ensure that that SLA has been met.

So accordingly because the software belongs to us, so to a certain extent we are moving towards software as a service where we are getting the recurring revenue of the products that are sold to clients over a period of time. So, not related to savings but it has an SLA.

Vijay Bhayani: And secondly you said that you will be providing the domain software etc. So, is it a separately billed item or is it a part of the meters and the FMS that you will be providing to the client?

Jitendra Agarwal: We are bidding for the complete solution. In bill of quantities (BOQ), it is a separate item.

Vijay Bhayani: Okay my last question is on the tender. You had said that on the date of the AGM there were some tenders, which had opened, and you had bid for the tender. If you can give us the status of that and how much tenders are you expecting over the next couple of months? And once the tender is floated, then how much time does it take to get the actual order?

Jitendra Agarwal: Generally when the tender comes it can take up to three months to six months, to come and get finalized. I remember during that AGM days we quoted a tender at EESL. So that is still not decided. It will take time, as I told you it takes three months minimum for any tender to get materialized. So currently only for the conventional meter, we have already participated in tenders worth almost Rs. 800 crores, and lot of these testing are over now. So I am expecting out of this Rs. 800 crores, lot of decisions will happen in November, December or by January. Same way when I talk of smart meters, almost Rs. we have participated in tenders worth Rs. 1,300 crores.

Vijay Bhayani: Right so would you be able to tell us how much you are L1, sir?

Jitendra Agarwal: The price bids are not open yet.

Jitendra Agarwal: So there are around Rs. 2,000 crores worth tenders that we have already participated in and we will be participating in tenders worth almost Rs. 1,500 crores in next two to three months.

Manish Goyal: Out of this Rs. 1,500 crores how much are smart meters and conventional meters?

Jitendra Agarwal: Out of this Rs. 1,500 crores; Rs. 750 crores are the smart meters and around Rs. 600 crores are conventional meters.

Manish Goyal: And sir, just on the FMS side. I just want to get a sense on the infrastructure that is required - like say Head End system software? So, is it that we have already invested into building that infrastructure and now we are providing services through that infrastructure?

Jitendra Agarwal: Yes absolutely. So, as I told in the beginning also Genus has always been a technology company. So generally we have been into software, but primarily into embedded software. With the smart meters coming into the system now, we have to provide the complete solution - all this management of Head End system software, billing software, for which we have our own team. We have very senior people in our software division now. So, we have already built a very strong and good software team, and of course we need a complete infrastructure to manage this software.

Manish Goyal: So ideally is it a common service kind of a model where infrastructure is already set up and you can probably help other SEBs avail these services?

Jitendra Agarwal: No, every Electricity Board has its own billing app and software. We have to integrate our products with them. So, it is very customized. To give you an example of Rajasthan, there are 3 different utilities and there are 3 different systems..

Manish Goyal: Whenever any contract or the tender where FMS is required, in that scenario the investment in the Head End system software and other software related items is done by you or it is a scope within the tender?

Jitendra Agarwal: It is a scope within the tender. The investment is done by the Electricity Board but to maintain and to manage those softwares, they generally give us a long-term contract. This is what we call it Facility Management System where the whole solution is being managed by us for five to six years before it is completely handed over to the utility. So, most of the smart meter tenders are coming like this.

Manish Goyal: Right and these are ideally from the EESL?

Jitendra Agarwal: No, there is not a single from EESL.

Manish Goyal: Okay and recently EESL had mentioned somewhere that they have already given new orders for two big tenders. One tender is for 5 million smart meters and another for 3 million apart from 2 million which was gladly sourced from you. So, there are incremental 8 million smart meters orders that are to be given. So just want to clarify from you that what is the status of that?

Jitendra Agarwal: There is some confusion in that. Their first 5 million smart meter order and they primarily source from us that have been scrapped and second and third is already scrapped

Manish Goyal: So what about the 4 tenders which have been canceled?

- Jitendra Agarwal:** So now they will be coming with more tenders for that.
- Manish Goyal:** Okay so this is exactly the situation in terms of what EESL has floated for smart meters?
- Jitendra Agarwal:** Yes. As of now, from EESL current confirmed orders are about 2.5 million to 3 million. A lot of their tenders have got canceled and now they are coming with the new tenders.
- Manish Goyal:** So how many numbers of smart meters we won in this lot, sir?
- Jitendra Agarwal:** We won one lot for 5.5 lakhs smart meters. Out of 9 lots, we got one lot and 4 lots have been canceled.
- Manish Goyal:** Okay and sir there was one more technological aspect in terms of the communication system which is being adopted by SEBs. So you did mention that current smart meter installed base are largely using the GSM technology or that there are certain states which are inclined towards RF technology? So are you seeing certain challenges related to that? What is your perspective? Will most of the tenders come under GSM?
- Jitendra Agarwal:** As a country both will work. Except EESL, no State Electricity Board till now have gone for the GSM technology. State Electricity Boards still feel RF is better. So all the tenders from State Electricity Boards are coming out with RF technology only. EESL is still working on GSM/GPRS (General Packet Radio Service) based technology. So both will work in India.
- Manish Goyal:** And we are able to provide services for both, even the RF based technology?
- Jitendra Agarwal:** As on date, total 18 lakh meters are installed in India for GPRS and RF both put together and 16 lakhs smart meters are due. We are comfortable with every kind of technology when it comes to communications.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from B&K Securities. Please go ahead.
- Mayank Bhandari:** So I just wanted to understand in terms of current government policy of **Atmanirbhar Bharat**. What percentage of smart meters would be imported? Is there a new policy coming for domestic manufacturing or any import duty being levied?
- Jitendra Agarwal:** Import duty is zero right now for smart meters. All the tenders which were given to the Chinese companies they have been canceled by the government. In almost every tender government has stated that more than 50% value addition has to happen in India. So more or less the chapter of import looks to be closed with that kind of condition in all the tenders. So, I do not see any threat immediately or in the times to come for the import of the complete smart meter. Government is very clear that the complete product cannot be imported and in the last three months I must have been invited to 4 to 5 very senior level meeting by the Ministry of Power and by the Ministry of Electronics and Information Technology as to how can we have

manufacturing bases in India so that imports can be lowered down as much as possible. The government is very serious about it. So, I do not see any threat for the imports in the times to come.

Mayank Bhandari: How is new scheme – Samarth - that you highlighted is going to be different from the earlier Uday Scheme? How much the smart metering was achieved in the UDAY scheme as against what was targeted, any data point which can you provide?

Jitendra Agarwal: You can yourself understand when only 15 lakh meters have been installed, that means nothing has been achieved in terms of the smart metering when it comes to Uday Scheme. Samarth is not primarily for smart meters only, but smart meters play a very major part in it. So right now there are so many schemes going on, but in all these schemes, the message is very loud and clear to all the SEDs that they will have to reduce their T&D losses and for doing that these are the ways they have to go about it and the smart meter has to play a very important role in that.

So recently a lot of this funding whether from PFC or REC - they have also been very clear to the Discoms that whatever the support in funding is required, smart metering has to play a very important role in that. That is the reason why we can see lot of tenders nowadays coming in.

Moderator: Thank you. The next question is from the line of Ashok Bachanraj Jain from Ayush Capital. Please go ahead.

Ashok Jain: Sir, we are reducing debt, we are reducing corporate guarantees and now we have solved pending tax issues. Going forward sir, what more is left on this list?

Kailash Agarwal: So basically there is nothing left on the list. This taxes case also we won from the High Court but did not want to take any risk at the Supreme Court. We were 99% sure that we will win, but government had given an opportunity. Because in case if we would have lost at Supreme Court, our payout could have jumped up to Rs. 100 crores or Rs. 90 crores. So getting out of all these things with the amount of Rs. 12 crores was looking very attractive to the company. So company took a decision and there is nothing left..

Ashok Jain: And sir, my second question and final question is regarding the capacity utilization. You mentioned that we had low capacity utilization because of COVID. But most of the Indian companies which did not have demand problems reported good capacity utilization in Q2. Even our group company Genus Paper reported near normal working. Then what is the real reason for this low capacity utilization by Genus Power and when we will report pre-Covid numbers, sir?

Jitendra Agarwal: We have to understand one thing that electricity meters are directly related to the consumers. So because of the COVID, most of the electricity boards are working at a very low efficiency and their prime focus is to ensure that electricity is reached to the consumer. Their focus is not metering, because meters has to be installed by going to premises. So, the off take of meter installation has slowed down significantly.

So first three months were practically zero. Next three months lot of things has started. Just to give you an example, Maharashtra State Electricity Distribution Company Limited (MSEDCL) has started working only from last one month, that too on 40% to 50% capacity only. The State Electricity Boards employees were not coming in the head offices, so installations were not happening in the field. Their focus was very clear. Right now their focus is not on installation of meters or any other work, but to ensure electricity is provided in the country and maintenance work is done. All the electricity boards across the country were focusing on maintenance of their system so that breakdowns do not happen.

Kailash Agarwal: And secondly you have to understand that installations happen only by going home to home.

Jitendra Agarwal: This is going to happen as over next three to four months state electricity boards will take time trying to come into their 100% pre-Covid levels.

Ashok Jain: Okay so we hope to return to 100% capacity only by Jan next year?

Jitendra Agarwal: Hopefully.

Moderator: Thank you. The next question is from the line of Shivang Goel from Goel Investments. Please go ahead.

Shivang Goel: Just wanted to understand that there were some issue regarding installations during Janmashtami in UP and many names had come up for whose fault is this - regarding the Electricity Board or the smart meter companies. And there had been a news the smart meter installation program in Uttar Pradesh has been stopped. So, can you give light on that, that is that matter resolved and whose actual fault it is?

Jitendra Agarwal: Yes, I will just give you. So on Janmashtami there was a software glitch that is primarily from the Head End software system which had nothing to do with Genus meter. But being part of the whole system, we of course were supporting the Electricity Board and the communication company and the good part is within 3 hours the whole electricity was restored.

What came in the media was definitely blown out of proportion. The good part is that software glitch could be controlled within 3 hours to 4 hours. It is a very good thing. Secondly when there was so much of hue and cry in UP, the State Electricity Board themselves gave a press release that only 0.03% meters had a problem. So please do not believe in all this news which is coming in the newspapers.

At the end of the day, for Genus, UPPCL is the customer and whenever you have any such kind of a change, from conventional meters to smart meters there are people not used to paying bills on time. Recently the Chairman of UPPCL stated that 80 lakh consumers in UP have never paid their electricity bills. Out of these 14 lakh smart meters installed, at least 6 lakh meters have been installed to those consumers who have never had metering at their homes. They were only using the Katiya to have electricity at their houses. So these kind of little things

will happen but good part is the solution, the system, the product everything has proven itself - so that it is robust, it will work and in the month of October almost 96% to 97% billing has been done. So UPPCL is also very happy and it has to work. For the time being because of the political pressure they had to stop this whole programme but very soon they will start in full swing. UPPCL is very positive about it.

Moderator: Thank you. The next question is from the line of Kartikeya Agarwal from SMS Holdings. Please go ahead.

Kartikeya Agarwal: Sir, my question is that our receivable cycle has been stressed and as we all know that it is primarily due to the Discoms, which are the weak link in the electricity value chain. So my question is from a strategic standpoint like what changes in the industry landscape would have to happen in order for us to grow at a higher rate and we can utilize more of our capacity as we are more than able and we have lot of capacity but it is being underutilized? So what would be the triggers in your view?

Kailash Agarwal: So it has got basically nothing to do with the Discoms' payments and all. We are maintaining a 30% market share and it is the business which has to come. So in coming times because of these smart meters, a lot of business is expected to come and the market size will increase. And once the market size will increase Genus will certainly utilize 100% capacity or even more than that. So basically, that has nothing to do with the Discoms' payment cycle, which is a routine thing. There is nothing new in terms of Discoms late payment cycles. And it may remain in future also.

Jitendra Agarwal: Secondly everybody has to understand we are into custom built product manufacturing. So it is not that when we say the plant is running at 65% capacity, then from 1st of January till 31st December it is running at 65% capacity. Sometimes it is at 100%, sometimes it is at 95%. It is not a process industry where same number of meters are being produced every month and same type of meters are being produced every month. This is what you will have to understand when we talk of capacity utilization.

Moderator: Thank you. The next question is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.

Keshav Garg: Sir, recently the Director of CRISIL wrote an article in Financial Express that currently the price of a smart meter is Rs. 6,000 to Rs. 7,500 but due to bulk procurement, the price is expected to come down to Rs. 2,000 to Rs. 4,000. So what do you have to say about this and sir what impact will this have on our operating margins?

Jitendra Agarwal: One thing we have to understand when CRISIL is mentioning in a report the price of per smart meter of Rs. 6,000 to Rs. 7,000 it must be meaning per collection point and that too even today it is varying anywhere from Rs. 5,000 to Rs. 8,000. But it really depends as I told you it is a custom-built product. It is very difficult for example to say that you can define the price of a shirt.

Even for smart meters or for any kind of custom-built product it depends on the specification of what customer is asking. Smart meter w is being sold at Rs. 2,500 also and at Rs. 5,000 also. And both the customers know what they are buying, what is their requirement. So the statement of CRISIL must be on the per point collection which will come down to Rs. 4,000. I do not know if there is economies of scale. It is very difficult to say as of now, but I personally feel smart meters has already reached a good competitive level in the country. India is a beautiful country where things before they become large, they already become competitive. I do not see much of a correction happening now. More important is that for the customer there will be true solution being provided. Today EESL has canceled almost all those orders which are at a lower price or which were from the vendors who were not able to supply them. They also realized that smart meter is the solution. It has to run 24/7 without failing at any cost. So, the quality is much more important than the price levels.

Keshav Garg: Sure sir and also recently there was a news article which basically said that Reliance Industries plan to foray into smart electricity meter business, so have you come across this?

Jitendra Agarwal: I have already answered that in the beginning. That was the first question that came up.

Keshav Garg: Okay sir, and lastly sir since now our balance sheet is net debt free, and our share price is undervalued considering the future business you are expecting from smart meter. So then why do you not consider a share buyback which will permanently decrease our number of shares and permanently increase earnings per share?

Kailash Agarwal: These are basically the decisions taken by the Board of Directors. So we we will check on that.

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

Manish Goyal: Sir, in our opening remarks we did mention that we are quite confident on performance for the second half of the current year. So is it that we are referring towards the profitability and the cash flows or even on the revenue front. Because in first half our revenues are down by almost 54%? Our revenue was Rs. 249 crores versus Rs. 544 crores. So are you are referring to that we should be able to cover up the loss in revenue in the second half?

Jitendra Agarwal: I doubt if we will be able to recover the complete loss. But yes, in comparison to current quarter there will be a significant improvement. It is visible in the work itself. The reason I said because electricity boards have started rolling. I will just give you an example. Our Rajasthan project, we could not start it from last four months and same way the Tamil Nadu project we could not start it from last four -five months. They all will get started by November or December. The things have now eased out. We were in the complete lockdown situation from last four to five months when it comes to installation. So installation work was almost completely hold up. So now as these things are easing out, installations will start happening. That will clearly reflect in the revenues.

- Manish Goyal:** Okay. But at least, like what we probably see from the second quarter performance we should be able to cover up on the profit front?
- Jitendra Agarwal:** Yes, it will be good
- Kailash Agarwal:** Whatever the guidance we are giving on the profit front will be at that level. There is no challenge on that. And utilization will also be improve, it will be better in third quarter and more better off in fourth quarter. So things are improving slowly. As we already mentioned that electricity boards work at their own pace and we have to work on their pace.
- Jitendra Agarwal:** More than the pace they were not in a position to work. Electricity Boards had a very different challenge to face.
- Manish Goyal:** Right sir and last question on the order inflows. Would you like to give a number as to in current year what kind of order inflow one can expect, because so many tenders have been floated?
- Jitendra Agarwal:** Almost Rs. 3,000 crores to Rs. 3,500 crores worth tenders are lying up. I do not want to throw any number but yes Genus will have its own share for sure.
- Kailash Agarwal:** We will maintain our market share and if you will see that even in the second quarter, the company has got orders of more than Rs. 200 crores. In such a slow quarter our order booking is more than Rs. 200 crores. So basically, we are maintaining our share. ycle. So company is not facing any challenge on getting orders..
- Manish Goyal:** Sure sir, so these 30% market share is considering both conventional and smart meters? Or as I believe, in smart meters we should be having a higher market share, right sir?
- Jitendra Agarwal:** But that is not the right percentage because we are the first ones to be more aggressive in the smart meter market, which will surely help. Buy maintaining 80% market share in smart meters is impossible.
- Manish Goyal:** So ideally on a worst-case basis, we can expect at least 30% market share of the tenders floated going forward?
- Jitendra Agarwal:** Yes. Logically it should be.
- Moderator:** Thank you. The next question is from the line of Milan Shah from Urmil Research Consultancy. Please go ahead.
- Milan Shah:** My question is on gas meter project. Is it currently under operation and whether export has started or not?

Jitendra Agrawal: As a company we have already done pilot projects of our gas meters. The gas meter is already there in the market where the practical pilots are happening. We have supplied some gas meters to Torrent and GAIL. So to multiple gas companies we have supplied around 2,000 to 3,000 gas meters. Because gas meter is a very, sensitive product and it takes around 6 months to 12 months for all the approvals. It is a very sensitive product as you understand that it is a product used at the gas stations. So, a lot of testing and field pilots are required. So, Genus is very much entering into gas meter market, but yes, we will see some significant numbers happening after 6 months to 12 months, because it needs lot of approvals.

Milan Shah: Okay and what is the business prospect of the export of smart meters in current year? How much percentage of revenue from exports are we expecting?

Jitendra Agarwal: Last year if you see the numbers of the company, more than 7% to 8% of our total revenue constituted exports. This year exports have been slow in the first six months. The exports not only from India, but the whole world has been hit badly. A lot of our major focus markets are very badly hit like Malaysia, and US. So, exports will be slow this year. But it will also gain the pace from next calendar year.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Kailash Agarwal for closing comments.

Kailash Agarwal: Thank you, ladies and gentlemen. And we assure you that the company is doing well and it will maintain its margin and going forward we will reach to our pre-COVID levels utilization in third or fourth quarter. If you need any more information, you can contact our Relationship Advisors, Strategic Growth Advisors.. Thank you very much.

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