



# “Genus Power Infrastructures Limited Q2 and H1 FY2022 Earnings Conference Call”

## November 01, 2021

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LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Genus Power Infrastructures Limited Q2 and H1 FY2022 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 for 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, Mr. Agarwal!

**Kailash Agarwal:** Good evening ladies and gentlemen. A very warm welcome to Q2 FY2022 earnings call of the company. Along with me in the call is Mr. Jitendra Agarwal, who is the Joint Managing Director of the company and SGA, our investor relation advisors. The results and investor presentation are already uploaded on the stock exchange and company website. I hope all must have got a chance to see it.

Installation of smart meter was expected to gather pace in Q2 FY2022 post the weakening of COVID-19 wave and widespread vaccination coverage in India. However, since June 2021 one onwards, the acute shortage of semiconductors has led to a very tough period for the Indian smart metering industry. You might be reading it every day that there is a huge shortage of semiconductors and thus our capacity utilization fell drastically to a level of almost say 35% to 40%. We expect normalcy for semiconductors availability will be restored in the next 4 to 5 months. We have already drawn plans and secured supply of semiconductors for the entire next fiscal year assuming capacity utilization in excess of 90%, so we have already secured for almost a Crore of metering semiconductors.

We have recorded sales of around Rs.178 Crores into Q2 FY2022 as compared to Rs.165 Crores in Q2 FY2021. Our Q2 FY2022 EBITDA stood at Rs.14.5 Crores as compared to Rs.34 Crores in Q2 FY2021. EBITDA margins reduced sharply on an account of higher raw material prices and lack of absorption of fixed costs on account of poor capacity utilization as we have all contracts of fixed rates, we do not have any price escalation clause in that. Profit after tax stood at Rs.6.6 Crores as against Rs.6.8 Crores in Q2 FY2021. Order inflow has remained subdued as a lot of tenders, which were about to be finalized went for retendering after the Central Government came out with models standard bidding documents.

The state electricity boards are likely to submit their detailed project report (DPR) as per the guidelines of the 'Reform based Result linked Power Distribution Sector Scheme' by the end of December 2021. Thus we anticipate robust order inflows starting from January 2022 onwards. We expect sizable order book by the end of March 2022. Our current order books stood at Rs.882 Crores, which gives revenue visibility of over next two to three quarters.

With the revamped distribution sector scheme, the central government has done away with one size fixed all approach of previous schemes. Most of apprehensions of SEBs have been addressed by customizing the policy guidelines as per their respective specifications. Thus, all stakeholders are on board and the rollout of smart metering scheme across India is anticipated to be very smooth. Though objective of the scheme is to install 10 Crores meters by December 2023 in the first phase is very optimistic, we anticipate that even if the same target is achieved by the end of the December 2024 or say by mid of 2025, it would still present an enormous growth opportunity for Indian smart metering industry.

The Totex model is being promoted heavily among SEBs wherein the capex will be undertaken by system integrators. On the monthly saving made on an account of the smart meters the SEBs will undertake monthly payments to system integrators for a period of six to eight years. We plan to play dual roles of being system integrators ourselves as well as being vendors to other systems integrators for their smart metering requirements. Smart metering solution improves the billing efficiencies to almost 100%. A report by the Energy Efficiency Service Limited (EESL) showed that all states where smart meters were installed at good results with an average increase in billing of nearly 25%.

The process of drafting SBDs is nearing completion and are likely to be finalized very soon. Also the SEBs are likely to submit their detailed project report by the end of December 2021 post which rollout of the revamped distribution sector scheme will gather rapid phase. The installation of smart meters under the new scheme is anticipated to commence by April 2022 onwards by which period we also expect the supply of semiconductors to largely normalize. 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 of smart meters in the overall pie of the meters increases, the margin profile of our business will gradually improve. Also, as a strategy we have designed our building and manufacturing infrastructure in a way which will enable us to easily double our manufacturing capacity in short period of six months whenever required.

India's energy consumption is set to grow 4.2% a year by 2035 – being the 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 prospects for us in the year ahead 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 have engraved our leadership position. In smart meters, company will also have a lot of opportunity in terms of recurring revenue as facility management system (FMS) will also be the 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. We can now open the line for question and answers.

**Moderator:** Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is on line of Amit Shah from Ace Securities. Please go ahead.

**Amit Shah:** Thank you for taking my questions. Sir, as you mentioned in your press release, the unavailability of semiconductors have led to how much loss in our revenue for this quarter, can you provide a ballpark number?

**Jitendra Agarwal:** During the presentation also Vice Chairman made it very clear that we are running at 35 to 40% currently. So that is the kind of production we are able to do in the current state due to the nonavailability of the semiconductor and electronic components.

**Kailash Agarwal:** Normally, we run at a capacity of 65% to 70%, so almost you can say that we are running at a 60% capacity of what we normally run.

**Amit Shah:** And Sir, when do you expect the availability of these semiconductors to normalize?

**Jitendra Agarwal:** So, if you will see worldwide, the normalcy will take definitely 8 to 12 months, but since we knew about it, we have already done a lot of planning in terms of our design, product availability - so we as a company will see this normalcy by the month of April-May. We will be quite a normal company in terms of availability of electronic components.

**Kailash Agarwal:** So we have already tied up for the semiconductors for the next whole financial year. We are seeing the things and old relation with semiconductor suppliers and all. We have changed our designs also. A lot of the work we have done on our designs also, so we expect that we will be total normal in this case by the end of March or start of April.

**Amit Shah:** Sir, that was helpful and also you have mentioned that we have secured semiconductors for smart meters for the next financial year, assuming 90% capacity utilization in FY2023, can you throw some more insight on the same, how much revenue can we expect in FY2023?

**Jitendra Agarwal:** In FY2023, we expect we should be back to our normal days at 70% to 80% capacity utilization we used to have. This is how we have planned our semiconductor availability also. When it comes to revenue, because these are going to be smart meter primarily, we should be doing at least Rs.1,300 crore as a top line for next financial year. That is too conservative for me in the current scheme of things.

**Kailash Agarwal:** So basically you can take it like that. Right now we will be giving a guidance that is also a conservative guidance because depending on the orders inflows. We are very hopeful that there will be a lot of order inflows in the next two to three months and we are hopeful that our opening order book for the next financial year will be very great. So depending on that we hope a very good number. So whatever the numbers we are giving you i.e. Rs.1,200 Crores to Rs.1,300 Crores is also conservative number as per we think and seeing the current scenario.

**Amit Shah:** Sir, my last question, could you provide the total tender amount which we have already bid and when can we expect these tenders to get awarded?

**Jitendra Agarwal:** Generally, we break our tender into two - one is which will be participated and one those are already participated. So tenders we have already participated is around Rs.4,500 Crores, which we expect them to be decided in next four to five months. Maximum these tenders will be decided. And what kind of we are going to participate in the next two to three months which are already live and open (with their due dates like December and mid-January) and is around Rs.6,200 Crores. So in total about Rs.10,800 Crores worth of enquires are floating in the market.

**Amit Shah:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Ashit Kothi from Almondz Global Securities. Please go ahead.

**Ashit Kothi:** Sir, my question is more as an individual investor. When you have said that we would be having 80% capex utilization in 2023 that would amount to in terms of both the categories as system integrator as well as vendor business or only system integrators. And when we say 80% capacity utilization, in that case the turnover could be approximately around

Rs.1,200 Crores and a net profit margin of around 10% or semiconductors would still eat away our margins?

**Jitendra Agarwal:**

I can reply this in two. The first is, when we say as a systemic integrator at the end of the day we are talking about production capacity so whether we are supplying to a system integrator or we ourselves are doing the job of a system integrator, 80% capacity utilization what we are talking is for the production capability only. It has nothing to do with being a system integrator or being a supplier. Second thing when we talk of margins and the top line, yes, margins have some pressure because of a semiconductor, but we see these commodities are all time high. So very frankly, I see extraordinary times coming up for people like us. So a lot of orders will flow in the next three to six months and in 12 months a lot of business is coming on the floor and lot of tenders will be decided. And these are all long-term contracts and fixed price contracts. If you will see after 12 to 18 months then what condition we are in today, yes, it will be much better for companies like us who has long term contracts and prices will have to come down. But these are abnormal situations and when you quote in abnormal situations, obviously your prices are better.

**Kailash Agarwal:**

Basically to add on this, we have to understand that whatever the margin pressures have come to us that - we are in a fixed price business and these all are the old orders which we are executing right now. Now whatever tenders we are participating, whatever the prices we are giving, we are giving on the basis of today's current commodity prices and today's current semiconductors prices. So whenever we will receive these orders they will be again at fixed price contracts. So whatever the correction - we anticipate a good correction in the prices of commodities also and we anticipate a good correction in the price of semiconductors also -so whenever these corrections will come that will benefit the company, because again now whatever the orders we will be getting in new tenders are quoted as per the current prices and ours is a fixed price contract, so we will be getting a benefit. Whatever loss we are making right now, we will be doing far better in coming times because of that.

**Ashit Kothi:**

Two questions, cost of semiconductor in final product cost is how much and basically with regards to the merger of your subsidiary company. So the rationale of creating the subsidiary infra company and then now merging and the swap ratios which has been given. So any financial information on what basis this elevation has been done for the swap ratio?

**Jitendra Agarwal:**

It is not only semiconductor. Price of each and every commodity has increased substantially in the current market scenario. So it not only your electronic components which are giving pressure on the margins, metal, brass everything is giving pressure on margins. So the

commodities are at all-time high. So it is not only semiconductor which is causing margin pressure. Sir, you can take the second question.

**Kailash Agarwal:** So basically these swap ratios are being derived by the evaluations done by the top companies we have appointed like KPMG and other evaluation companies and all. So whatever is the swap ratio and the valuation they have given is being seen and approved by the board.

**Ashit Kothi:** No, I am not raising question on that, the point is gaining more information on the same that is one part of it and second is the rational of having those subsidiaries earlier as a infra company and investment which was there and now merging the same within the company?

**Kailash Agarwal:** No, we are not merging anything within the company and there is no subsidiary of Genus Power.

**Ashit Kothi:** You are dividing the company into two parts, right?

**Kailash Agarwal:** No, we are not dividing the company into two parts, we are just demerging investment division of Genus Power to a separate company that is all and that Infra company has nothing to do with Genus Power.

**Ashit Kothi:** So, Genus investment would go to basically infra investment company. What exactly the structure of that company would be?

**Kailash Agarwal:** Basically, there is investment division of Genus Power where Genus Power is having investments in different companies. So basically to make Genus Power a pure play metering company only and to get out of any long-term investments y, we are demerging this investment division to a separate company and that investment is going to that company and the shareholders of Genus Power are getting shares of that company against this demerger and all the valuation has been done as per the norms.

**Ashit Kothi:** So what would be the focus after the demerger in that new company you are talking?

**Kailash Agarwal:** Genus Power wants to be a pure metering company, the total focus will be the metring only in Genus Power.

**Ashit Kothi:** No, I am talking about Genus Prime infra?

**Kailash Agarwal:** It will be again an investment company only. Right now also it is a investment company, and in it will remain an investment company., There is no running business in that.

- Ashit Kothi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.
- Suraj Nawandhar:** Good afternoon, Sir. I was hearing your answers to the previous participant, can you say that worst is behind for the company and things can look up from here?
- Jitendra Agarwal:** The only thing on this statement I can tell you I have never seen so important in my life and what I felt in last 45 days. I have not travelled the way I have travelled in last 45 days because the whole country is looking for the smart metering, each and every distribution company, each and every customers are seeking meters, get presentation from us and looking forward to change completely to smart metering - because the pressure from the central government. And the need of a smart meters is the best we could dream of. So worst is over for sure and we are only looking ahead in times to come. And whatever the bad results are mainly due to the commodities and semiconductor and things will improve to become very good in the future.
- Kailash Agarwal:** So I will add that the worst is over for securing the orders. There will be a lot of orders in coming months and worst will be over in next three to four months for execution. So worst period for ordering for getting business is over and we are expecting a lot of business. And execution might take another three to four months to regularize because of the semiconductors, commodities and old orders and everything. So you can say the worst is over.
- Suraj Nawandhar:** Sir, what is capacity utilization rate in this current quarter and utilization rate going on currently as on today?
- Kailash Agarwal:** So, there will be an improvement from second quarter for sure, there is no doubt in that. There will be improvement in third quarter and will be better than second quarter and fourth quarter will be further better than third quarter. And as we told that things will be online by first quarter of next financial year - as all these problems what we are facing right now of the old orders, semiconductors, commodity and all that will be over and a big order book will also be there.
- Suraj Nawandhar:** How much worth of old orders are pending where our margins are under pressure?
- Kailash Agarwal:** Whatever the orders we have got in last two, three months say last quarter of around Rs.150 Crores or Rs.200 Crores, these orders are for the new prices or at better prices than the old



orders. But still we can say that Rs.500 Crores to Rs.600 Crores – in short it will be over in the next two quarters, whatever the pressure we are facing due to our old order book..

**Suraj Nawandhar:** Thank you.

**Moderator:** Thank you very much. The next question is from the line of Santanu Chatterjee from Mount Infra Finance. Please go ahead.

**Santanu Chatterjee:** Thank you very much, Sir, for providing me the opportunity. I have got a couple of questions, first question is in metering business. How much margin expansion is expected due change from electronic meter to smart meter? Is there any chance of expansion of margin due to a conversion from electronic to smart meters?

**Kailash Agarwal:** When more value added product is there, there is expansion of margin and the smart meeting is a value added product. That is why whatever targets we are giving for the margins that is because of smart meters. Earlier you will see that company was making a EBITDA levels of 12% to 13% and now we are talking about 16% to 17%. Once the smart meters numbers will increase, it may go further up also. So basically the margin expansion because of smart meters only.

**Santanu Chatterjee:** Sir, thanks and my second question is in hardware segment we are the market leader, but how we had placed ourself in communication module and software segment because this is going to be crucial for AMISP business. Have not got any indigenous software solution for that or we are going to procure that from outsiders?

**Jitendra Agarwal:** You are talking about only the communication or the further software after the communication?

**Santanu Chatterjee:** I am talking about the facility management system business

**Jitendra Agarwal:** I could not understand your question properly?

**Santanu Chatterjee:** Sir, as far as hardware segment is concerned we are the smart meter manufacturer and leader over there. And as the new system is giving us the opportunity on the service part, there it will require lots of software services. So in that particular segment have we got any inhouse solutions or we are going to get that solution from the outside vendors?

**Jitendra Agarwal:** First of all when you do smart metering, there will be a lot of external partnership that will happen, and which are already happening with communication providers, with HCF providers, with MDM providers. So that is already part of the ecosystem, but apart from that

Genus is not only a hardware company. Whatever the smart meters or the meters we have been making, currently also quite a lot of software work is done in the meters. We already have more than 50 to 60 engineer only in the embedded software not from today, from last like decade and half. All our electronic meters also need lot of software work. And once we started this journey five to six years back where we started providing a complete solution and our application software journey also started by Genus. So as on date Genus employed more than 100 people who are experts in embedded and application software., So Genus is not a company which is only into hardware or manufacturing of meter, Genus is a solution provider. It has always been an end-to-end solution provider when it comes to metering. Plus everything cannot be done inhouse. You will have a lot of partnerships also in the ecosystem. So when we talk what FMS we are going to do, we will be part of that ecosystem that will be working closely with us as partner and lot of solutions will be provided inhouse. So this how this whole smart metering solution is going to work and this is what we are doing currently also. This is what we are going to do in future also. So Genus continuously has been expanding its portfolio in terms of providing products and solutions.

**Santanu Chatterjee:** Thanks a lot and my last question, what company is doing to prune down the level of trade receivables?

**Jitendra Agarwal:** Because unfortunately we have been dealing with the state electricity boards and as you all know that they are generally in the difficult situation. So once this journey of the smart meters what we are entering into, it will surely help majorly in our trade receivables also. Payment towards smart meters is going to be completely secured money. If we become a system integrator then our money is secured because there is a clear cut provision given in the SBD either they will have to open an escrow account along with the sovereign guarantee of the state or if we are supplying to system integrator then most of the payments will be on the LC. So once this journey of smart metering comes into place, I would say in 6 to 12 months in a major way, the trade receivables problem will also resolve significantly for companies like us. But yes, it will take time, it won't happen from tomorrow.

**Santanu Chatterjee:** Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Lakshit Jain an Individual Investor. Please go ahead.

**Lakshit Jain:** You have mentioned that we have tenders in the market around Rs.10,800 Crores, right?

**Jitendra Agarwal:** Yes, tenders that we have participated and tenders to be participated.

**Lakshit Jain:** Yes, and see historically we have of winning rate of about say 30%, so you will be getting orders worth approximately Rs.3,500 Crores, right?

**Jitendra Agarwal:** I hope we will keep doing what we have been doing in the past, but I do not want to make any such statement.

**Kailash Agarwal:** Whatever our market numbers are, we will be achieving that. But we will not be able to comment on that.

**Lakshit Jain:** Yes, true, and so with the current capacity and having the ability to double should not we start the planning of doubling our capacity from the current month itself? Because by the beginning of first quarter of next financial year we will be completely ready to meet the humongous demand?

**Jitendra Agarwal:** Two things we have to understand. When we say the order book of let us say Rs.3,500 Crores - this is not only for the hardware, there is a lot for the services and software also. And all these projects has to be executed in 18 to 24 months. These are all smart meter projects where we are providing the complete end-to-end solutions. So it is not this all Rs. 3500 Crores comes for the hardware, a lot comes on account for the software also, and a lot comes for providing the FMS services also. So this is how it gets divided. So for doing this kind of number, our current capacity is sufficient.

**Lakshit Jain:** That is it, Sir. Thank you so much.

**Moderator:** Thank you very much. The next question is from the line of Aakash Mehta from Capaz Investments. Please go ahead.

**Aakash Mehta:** Good afternoon, Sir. Thank you for taking my question. I want to know that our capacity utilization was quite low in Q2 FY2022. But how was demand and product offtake from DISCOMS?

**Jitendra Agarwal:** DISCOMS are absolutely in need of meters. One of the reasons they got little slow in deciding on the tenders, is also because of what they are currently facing that their current orders are not getting fulfilled. So now they have realized there is a lot of shortage of semiconductors and people have to be given orders well in advance to plan it properly. A week back only Ministry of Power had a meeting with all the top manufacturers to understand the problem. Most of their state electricity board chairmans are doing one-on-one meetings with us, to know how do we plan our ordering, our whole system, because as DISCOMS they need meters and are unable to give connections to their consumers.

DICOMs want to change from normal meter to smart meters but they are not getting products. So that is why these number of tenders has come up, more tenders will come up in very, very near future because electricity boards have understood if they want material they have to order well in advance. Offtake is not a problem, problem is availability of material. Each and every customer is lying in the queue currently to get meters for themselves, but they are unable to get. This is the situation currently. It is as good as the automobile industry, where the people want automobiles. Customer is not a problem, problem is with supply chain.

**Aakash Mehta:** So in our case what is the percentage of smart meters in our order book and what are they likely to constitute in our order inflow going forward?

**Kailash Agarwal:** Currently also more than 65% is smart meters in terms of value and in future also 70% to 75% is going to be smart meters.

**Aakash Mehta:** Lastly, how much is the order inflow that we can expect in the last quarter of the year considering the revamped distribution sector scheme which is expected to be rolled out by December end?

**Kailash Agarwal:** Quarter four means March?

**Aakash Mehta:** Yes.

**Kailash Agarwal:** Very conservatively it should be Rs.500 Crores to Rs.700 Crores, it can be even much larger.

**Aakash Mehta:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

**Anurag Patil:** Thank you for the opportunity. Sir, in the presentation you have mentioned you will be targeting 30% business from this service provider business model. So I just wanted to understand what will be the attractiveness of this model apart from the recurring revenue. So in this model we have to incur a capex initially and ultimate return on capital might depend on your ability to raise the funds. So will the ROCEs will be attractive compared to just being a provider to vendors?

**Kailash Agarwal:** Surely, there will be a better ROCE in all these things because the revenue is coming for 8 years and it is not a total cost of hardware or whatever the initial investments are there. So

basically if you count on that 8 years and discounting on all that that there will be a far, far better ROCEs.

**Anurag Patil:** And Sir, initially all the capex you have to do right, is that right understanding?

**Jitendra Agarwal:** Yes, your understanding is right.

**Anurag Patil:** And you will be restricting this part to 30% of our overall business or it just a ballpark number as of now?

**Jitendra Agarwal:** Yes, it is a ballpark number, but we have decided the way we want to target our business, where the opportunity is very large - so we have made our own process, as to how we are going to attack every opportunity.

**Kailash Agarwal:** And in time to come we will surely balance that depending on the balance sheet position and funds and capex and everything.

**Anurag Patil:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Nisha Desai from Raga Securities. Please go ahead.

**Nisha Desai:** Good afternoon.Sir, I have a couple of questions. Firstly I wanted to ask, can you throw some more insight on the dual business model, which we plan to work with basically that of being the system integrator as well as the product supplier?

**Kailash Agarwal:** There are multiple tenders in the markets. Every tender gives us opportunity being a meter manufacturer to play the dual role. So we can be a system integrator also and we can be a supplier to our customer also. So as we have decided we are going to play both the roles.

**Nisha Desai:** How does the management plan to balance between both the roles?

**Jitendra Agarwal:** This is what we have decided as on date. that All these projects are not going to be single large projects, so there will be different sizes of projects which are going to come in the market. So according to our appetite will choose the area and the size where we want to become the system integrator. As the OEM vendor, we are open to supply all 250 million meters in the country.

**Nisha Desai:** Does not our business model of system integrator involve more risks in terms of capex requirement and working capital pressure?

**Jitendra Agarwal:** Yes, everything when you do little differently it has more risk, but it is more rewarding also. For us the risk is much less than the normal system integrator, because of the difference between the normal system integrator and ourselves. May be the normal system integrator is sitting on the much more cash than us that is only the difference. Otherwise this whole project has to be driven by people like us. This is not a typical project where the technology is not required. This is the hardcore technology product, this is a hardcore technology solution which has to be provided. So basically the role has to be played by the meter manufacturer and the service provider like us. So our risk in comparison to the normal system integrators is much less because we know the domain, we know the terrain and we have been doing this kind of work in last 15 to 20 years. Is it not that Genus is for the first time thinking of being an end-to-end solution provider. On capex basis we have been doing it from last 15 years. We have a very strong service team. We have a project department which employees more than 150 people as on date. So it is not that for Genus it is something new. The only new thing is in earlier project there used to be some capex and some part used to be in opex. In future projects where there will be lot on the opex. That is only going to be the difference. So I think we are the best placed to do this kind of work.

**Nisha Desai:** How does the company basically plan to secure itself from the risks arising out of the state government policy interventions, if it plans to play a long term role of being a system integrator?

**Jitendra Agarwal:** Metering is the compulsion, it is not a choice that you need metering or you do not need a metering. So it the compulsion. So state governments whatever policy they may change, they cannot change the metering. They will never take a decision that you stop doing smart metering work, what you have taken, now we do not want meters, we do not want to bill electricity to our consumers. So in that sense I am unable to find out any risk in that.

**Nisha Desai:** I think this was helpful. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Subroto Sarkar from Mount Infra Finance. Please go ahead.

**Subroto Sarkar:** My question is like we have decided to be partly like the system integrator. So what is the philosophy behind that - like we believe that that is more profitable in that part of the business or market size is big and that is why we want to be in the system integration business or we believe that if somebody else becomes system integrator it will be difficult for us to get contract from them? And while deciding about being a system integrator have you done any calculation like how much profitability will be there or any internal mathematical calculation on that what kind of capital is required and that what kind of

revenue we will generate. If you help us to walk through on some mathematical calculation or any internal ballpark understanding that will really help us as an investor?

**Jitendra Agarwal:**

So, you open up the market, the opportunities become better. So when you want to play the role of system integrator also because we are doing it currently also. Please understand the simple difference. This terminology 'system integrator' has just come up in last two years. Even before that, Genus as the company has been supplying meters, installing meters and maybe reading meters in some cases. Those numbers were not very large, but not very small also. We have been doing a project of almost 6 lakhs single phase meters in Maharashtra from last five years. We are doing a project of 80,000 meters in Odisha from last four years. We have been doing a project of 40,000 DT meters in Bengaluru from last eight years. It is not that it is something absolutely new out of the block for Genus. The word system integrator has been coined in the last three, four years when smart meters have come into the fray. And the opportunities are very large. Since we have been already doing that kind of work as end-to-end solution provider, we have extended our field and decided why not we do it on the opex basis also. It makes a lot of sense and definitely margins will be better and the opportunity increases. So we are not only a player where you are running behind the system integrators to sell your product. We are playing the role of a system integrator also. Risk wise, as I said earlier, previously also whatever the projects we are doing as end-the-end solutions provider we know the domain, we know that terrain very well, so for us risks should be minimized. The margins are better, minimized risk. And third question you ask about the calculation., Of course when we are quoting tenders and when we are making any big inroads into something and we are making headway, we have done all our calculations. Experts are working very closely us in making sure that we do not end up in any mistakes in making calculations. And recently we have quoted a couple of tenders and when the prices opened up, it has given us even more confidence that we are on the right path.

**Subroto Sarkar:**

Sir, my last question is like as of now Genus is definitely the market leader in this space. Other global players are also there. So my point is despite competing with this company, we are currently number one in terms of market share. So now only thing which I am trying to understand is when this market size will increase, would not these global players will be more interested. What I mean to say we are number one because one of the reasons maybe because the current market size is not that attractive to MNC and other players. So once this market size increases, would not these players become much more aggressive and with their previous experience of implementing smart meters globally in other countries, what will be their advantage vis-à-vis what will be our advantage?

**Kirti Tibrewal:**

First of all, smart metering is not something which has not been implemented in India till now, Only the numbers are less. So we are very well geared up as industry and as Genus.

Second thing, a lot of customization is required when it comes to metering in India. So even the government realized that we cannot make a one-size-fits-all kind of a specification. Utilities would not accept it. So even the SBDs has given a lot of leeway to the local utilities to do their customizations. So for them to compete with us will be much more difficult than in comparison to us competing with them. So very frankly I do not see any threat from these international companies coming to India and dislodging us. As an industry we are very well placed to compete with these multinational or international companies coming in India for smart metering products.

**Subroto Sarkar:** Thank you, Sir.

**Moderator:** Thank you. The next question is from the line of Kirti Tibrewal from Yashwi Securities. Please go ahead.

**Kirti Tibrewal:** Sir, my question was that is it possible to put a numbers for the smart meters sold in this quarter?

**Kailash Agarwal:** In the country or by Genus?

**Kirti Tibrewal:** By Genus?

**Jitendra Agarwal:** Exact number I do not have in my hand.

**Kirti Tibrewal:** Thank you.

**Kailash Agarwal:** We can provide you the numbers through SGA

**Kirti Tibrewal:** Thank you.

**Moderator:** Thank you very much. As there are no further questions, I now hand the conference over to the management for closing comments. Over to you!

**Kailash Agarwal:** Thanks a lot, to all ladies and gentlemen for putting your confidence in the company. I wish you all are very, very happy Deepavali and a prosperous New Year and we assure you that company will be doing and achieving great heights in coming quarters. We will be overcoming all the shortcomings what we are facing since last two to three quarters. Thank you very much. Thanks a lot.





*Genus Power Infrastructures Limited*  
*November 01, 2021*

**Jitendra Agarwal:** Thank you everyone. Wish you a very happy Deepavali. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Genus Power Infrastructures, that concludes today's conference call. Thank you all for joining us. You may now disconnect your lines.