



“Genus Power Infrastructures Limited Q3 and 9M FY2022 Earnings Conference Call”

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LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Earnings Conference Call of Genus Power Infrastructures Limited. 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 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 at the end of the presentation. 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 Mr. Agarwal!

Kailash Agarwal: Thank you. Good evening ladies and gentlemen. A very warm welcome to Q3 FY2022 earning calls of Genus Power. Along with me on this call is Mr. Jitendra Agrawal, who is the Managing Director of the company and SGA, our Investor Relation Advisors. The result and investor presentation are uploaded on the stock exchange and company website. I hope that you all must have got a chance to see it.

Our topline growth in Q3 FY2022 was impacted due to reduced capacity utilization on account of shortage of semiconductors and key electronic components. However, we have secured our supply requirements for semiconductors for next fiscal year and we are very hopeful and expect that a robust rebound in revenue will happen in FY2023. We have recorded a sales of Rs. 196 Crores for FY2023 as compared to Rs. 178 Crores for Q2 FY2022, a jump of almost 10% on sequential basis.

Q3 FY2022 EBITDA stood at Rs. 21 Crores up by 44% on quarter-on-quarter basis as compared to Rs. 15 Crores Q2 FY2022. Higher raw material prices and lack of operating leverage due to lower capacity utilization resulted in lower operating margins of 10.7%.

Profit after tax to that Rs. 8 Crores against Rs. 7 Crores n Q2 FY2022. In December 2021, we received orders worth about Rs. 325 Crores across export geography and domestic geography. Within domestic geography orders have been received for smart meters across multiple state electricity boards. These orders will be executed in next one year.

The impact of ‘Reforms-based, Result-Linked Power Distribution Sector Scheme’ can be felt on ground as almost every state electricity board has come out with inquiries and floated tenders for installation of smart meters. A few of the above tenders have been decided, wherein orders are being received by us for smart meters across multiple state electricity boards.

A record number of detailed project reports (DPRs) have been filed by many SEBs in last three months and we are very hopeful on the basis of that a lot of smart meter tenders will be floated and already have been floated. We anticipate a robust order inflow starting from mid of February 2022 onwards.

As on December 31, 2021, our order book stood at Rs. 1,163 Crores (net of taxes) which gives us a healthy visibility for growth over next three to four quarters. I now open the line for question and answers please we are ready to take the questions.

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

Anshuman Ashit: Thank you for the opportunity Sir. My first question is on our capacity utilization. So you had mentioned in your initial remarks that the semiconductor and electronic supply issue continues to hamper our capacity utilizations and in fact has hurt our margins as well during this quarter due to low operating leverage - so what is the current level and by when do we expect the capacity utilization and margins to reach normalized levels?

Jitendra Agarwal: Capacity utilization is around 40% to 50% in the current times due to the shortage of raw material and what we feel the way we have done the planning in last two quarters and the way that things are getting normal every day - by the end of June I would say second quarter of the next financial year capacity utilization will start getting better, will start reaching the normalized phase from July end. Once the capacity utilization gets normalized the margins will also get better than previous levels but it will be from Q3 or Q4.

Anshuman Ashit: Sir how has been our execution in the month of January and how do you look at the execution for Q4?

Jitendra Agarwal: This quarter because of the shortage of semiconductors, it has been below par, it is definitely not to the levels where we used to be earlier - even that mark is going to be challenging. We expect it to be better than the last quarter but not to the normalized levels. So, as I said it will take at least six months to come to the normalcy.

Kailash Agarwal: Here we have to understand that, we have done better in this quarter than last quarter. The current going quarter we will be certainly doing better Q3. Then first quarter of next financial year we will be doing better than this fourth quarter of financial year 2022. Every quarter you will see an improvement in margins and the capacity utilization. From third quarter of next financial year, we will be at a better level. Normal level we will reach by second quarter of next financial year in margins also and revenue also. And from third

quarter of next financial year you will see growth in margins and revenue both as compared to pre-COVID levels.

Anshuman Ashit: Do we maintain our revenue and EBITDA guidance for FY2023 so you had mentioned in the last call that revenue guidance is of Rs. 1,200 Crores for FY2023 and EBITDA I believe should be in the mid teens so do we maintain that?

Jitendra Agarwal: Definitely. Absolutely no question about it.

Anshuman Ashit: How has been the tender pipeline and how do you expect the pipeline to be in the next two three quarters.

Jitendra Agarwal: The tenders are highest ever historically. So if I talk of as on date, we have almost Rs. 13,000 Crores tender which are in the pipeline out of which almost Rs. 1,800 Crores has been quoted and Rs. 7,000 crore tenders will be quoted in the next two to three months. And even the order pipeline if you see the industry wise, like we got some orders from Jharkhand, from private utilities, we have got some good order booking in last quarter and this quarter also order booking will have some good numbers. Same way the industry wide also you will see very good order booking. Otherwise also like EESL, they got an order of Rs. 600 Crores from Assam. So now they have come out with a tender in the market where they will buy meters. So order booking has also started from the State Electricity Boards to system integrators like IntelliSmart. In Andhra Pradesh AP Board have given orders, so again the tenders will be floated in the market to buy meters. When the order booking from the SEBs has also started, from system integrators to people like us has also started. And Genus plays both the roles that of system integrator and also a major supplier also. So we are getting orders from both the works.

Anshuman Ashit: Could you please put a number on what has been the order in the total amount of orders till January and how much have we participated in and how much have we won for FY2022 till date?

Kailash Agarwal: Right now I do not think that we have the right now.

Jitendra Agarwal: We do not have the data.

Kailash Agarwal: Here you will see that opening of 1st October, our order book was around Rs. 900 Crores now the opening for 1st January is around Rs. 1,161 Crores. So every quarter you will see that order book is building up. So this year it is higher than last time - it is almost Rs. 300 Crores higher and next quarter you will see that it is far better than this and orders has started coming in the market. Basically say Genus has not got orders, but the orders have

come in the market like EESL has got an order from Assam, like one system integrator has got order from AP - now they will buy from the market. So the flow of order has started coming. So, Genus will also be winning very soon big order or like that.

Anshuman Ashit: On our recent win of Rs. 325 Crores has the increase in the commodity prices been incorporated in those. And in amongst our order which we currently have of Rs. 1,100 Crores what is the composition of the legacy orders in which the price increase has not been incorporated?

Kailash Agarwal: Basically 25% is the legacy orders not even 25%, 20% hardly will be the old orders. Now these all are the new orders out of Rs. 1,162 Crores and of course the price increase has already been taken in this. Hardly 15% - 20% are legacy orders.

Anshuman Ashit: How much has been our exports in FY2022?

Kailash Agarwal: FY2022 exports will be not very much. It will be around Rs. 30 - 35 Crores. Now we have good order book of exports. Out of this Rs. 1,162 Crores around Rs. 156 Crores is from exports.

Anshuman Ashit: Could you give the breakup of the order book in terms of how much is smart meters, conventional and FMS and if it is possible?

Jitendra Agarwal: 90% is smart meters, remaining 10% is conventional. More or less whatever the new orders we are booking is mostly smart meters.

Anshuman Ashit: Sir, next question is on the production ramp up. So recently in our interaction with the ministry, as well they have said that while the implementation of the new revamped scheme is under process, it will start from April but there may be a case that the supply of meters may be lower than what the demand is. So are we looking at enhancing our production capacity anytime soon?

Jitendra Agarwal: We have been maintaining this in the past also that as the industry we have enough capacity to take care of the requirements and enhancement of capacity for a company like Genus because they are so well vertically integrated - currently we have a capacity of 10 million meters to 12 million meters annually, and to reach to the level of 16 million to 20 million meters annually, it is a matter of three to six months. So what I believe is from the next calendar year onwards, we should be in a position where we are able to do 100% capacity utilization, and then we can add on to our capacities. So thus we have planned internally from May, June onwards looking into the way the industry is moving, we will start working on our capacity expansion if required.

Anshuman Ashit: One last question before I fall back in the queue. Sir on the SBDs which has been recently released - so could you just highlight what are the key differences in this SBDs compared to the tenders which have been floated earlier. And how has been the response from the states in terms of adoption of this SBDs? And has there be any recent tenders which have adopted this SBD?

Jitendra Agarwal: Nowadays mostly the tenders which are coming in the market are according to this SBD only and one good thing what they have done is that they have given some leeway to the State Electricity Boards where they can give some notification according to their local requirements. One good thing was that they now proposed in the SBD the billing and even the bill generation can be taken care by the system integrator. So the emphasis is very clear that bill generation and even to an extent in some of the state electricity boards, they are talking that even the bill collection can be done automatically using this prepayment meters - so that the system integrator money is even more secured. So whatever the first right on amount remains with the system integrator so that they never face any problem on receivables. So these are some of the very positive changes which are brought in the current latest SBD and most of the tenders which have come in the past or are currently ongoing, some amendments are being made according to the new SBD. Not a single tender is there which is beyond SBD nowadays.

Anshuman Ashit: This includes the tenders from the SEBs as well?

Jitendra Agarwal: All the tenders are coming from SEBs only. SBD is designed by the MOP (Ministry of Power), in consultation with the industry and stakeholders from SEBs. And tenders are using this SBD, which are worked by state government only.

Anshuman Ashit: Thank you Sir.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Lets say that there is an opportunity of Rs. 10,000 Crores next year, somewhere we will participate through our own, somewhere we participate through a system integrator. I was just trying to figure out is there any way to tie up with the system integrator before the bidding?

Jitendra Agarwal: According to the bid, according to our need of the bid we are making the participation. Like in Andhra we are working with the system integrator - we were very clear that we are not putting the application. In Assam we quoted directly also and EESL also quoted. And EESL is using our meters in the bid. So all kinds of strategies are being worked out in the market.

Genus has a very flexible approach. We are working with system integrators as their suppliers and we are also doing some of the projects directly as system integrators.

Mohit Kumar: What is your appetite for doing the system integration of work in terms of amount which you can do in a year?

Kailash Agarwal: Whatever we can do directly. Rest we will go with system integrator.

Mohit Kumar: Is there any capital allocations strategy?

Kailash Agarwal: Obviously we will not be taking too much of leverage on our balance sheet. So for remaining will be surely work with the system integrators where we will be supplying the meters.

Mohit Kumar: How is the competition in the system? Has it increased? Is it increasing given the expected large opportunity - of course it had not materialized as of now but FY2023 could be a very, very big year for the entire industry?

Jitendra Agarwal: Competition will always be there. It is the important part is how well you are prepared for the competition and fortunately Genus is sitting in the sweet spot where we are prepared ourselves and also are very well prepared to take onslaught of any kind of competition.

Mohit Kumar: Out of Rs.5000, Rs.6000 per meter what portion of raw material is getting imported for us?

Jitendra Agarwal: What do you mean?

Mohit Kumar: Say of out of Rs.5000 per smart meter, what portion of this will be imported from China or any other geographies for building the smart meter?

Kailash Agarwal: 60% is the raw material cost and of that 60%, 30% to 35% is the imported cost.

Mohit Kumar: Is there any PLI system in the offing for smart metering? Is there any talk of?

Jitendra Agarwal: That has not yet come out yet.

Mohit Kumar: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Shantanu Chatterjee from Mount Intra Finance. Please go ahead.

Shantanu Chatterjee: Good afternoon Sir. Thank you very much for this opportunity. My first question is what are the steps we are taking to negate the effect of raw material price rise, basically if it carries on like this. Is there any kind of possibility to introduce price escalation clause in the new contracts?

Jitendra Agarwal: No there is absolutely no possibility. There is no price escalation clause in the bidding. I do not see that happening also.

Shantanu Chatterjee: What are the strategies we are taking there to negate this price rise?

Jitendra Agarwal: We have been seeing this market for the last two decades and it is not that for the first time this kind of uncertainty has come and so much price rise has happened. So it is two ways - sometimes we get benefited, sometimes we lose because of this, because all the contracts in metering industry has always been fixed price contracts. So, we have been benefited, we have lost sometimes, and we have averaged it out. It is not only for us, but for the whole industry. So that is how it is going to happen.

Shantanu Chatterjee: My second question is that in your current presentation you have mentioned that India can save up to Rs. 9.5 lakh Crores by investing Rs. 1.25 lakh Crores for replacing 25 Crores conventional meters with smart meters. What is the calculation behind these Sir?

Jitendra Agarwal: The calculation is pretty simple - that Rs. 1 lakh crores is lost every year. This is the data and the source of the the data is EESL because they have done the whole study. Every year we are losing Rs.1 lakh crores in the name of theft in the country which will be significantly lower once the use of smart meter is mandatory and the life of all these projects are minimum 10 to 11 years. The life of a smart meter is minimum 10 to 11 years. This is how we have calculated and plus the consumption of energy is increasing every year by 8% to 12%. So these are the three broad numbers which have taken into consideration while making this calculation of numbers.

Shantanu Chatterjee: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Suraj Nawandhar from Sampada Investments. Please go ahead.

Suraj Nawandhar: My question is on the raw materials prices cycle. Let us say tomorrow if raw materials prices go down, we will get the extra benefit on it right?

Jitendra Agarwal: Yes because these are fixed term contracts. We lose some, we gain on some.

- Suraj Nawandhar:** Thank you. All the best.
- Moderator:** Thank you. The next question is from the line of Rajiv Rupani an individual investor. Please go ahead.
- Rajiv Rupani:** In the month of May you had told that the order book is Rs. 931 Crores and now our order book is Rs. 1163 Crores. So basically it is increasing only by Rs. 230 Crores and that time you had informed us Rs. 7,000 Crore tenders will be decided in the next 35-40 days and Rs. 10,000 Crores will be decided in six months. So I mean are those tenders not decided yet or what?
- Jitendra Agarwal:** Most of the tenders are not decided yet. There have been multiple reasons to this and of course COVID again added to the agony, which is very unfortunate. Two good things we have to understand, none of the tenders has been scrapped. Customers are also very clear that they have to go for these smart meters. Decision has started ramping up. Most of them the order booking is for smart meters, because most of the electricity boards are now deciding on the smart meters. Most of them have stopped or reduced their buying of conventional meters. All the budgets that they are making are according to the smart meters. All the tenders which are coming up, which are being quoted or will be quoted will be quoted in next 30 to 60 days or 90 days are all mostly smart metering tenders. Good part is none of those tenders have been scrapped but yes things have got slowed down unfortunately because initially the DPR filing date were till October 2021, Government extended it till December 2021 because most of the electricity boards wanted extension. Most of the DPRs have been submitted but the onslaught of COVID-19 from December 2021 – January 2022 again slowed down things at the SEB level. These are all unfortunate facts, but things will get normalized within February itself as most of the SEBs are now fully operational. So, we do not see any much problem of COVID-19 also and from February-March onwards, lot of these decisions will start happening.
- Rajiv Rupani:** You had informed us in last concall that by 31st October 2021, state governments have to respond to the central government regarding smart meters - so could we have an update on that please?
- Jitendra Agarwal:** So by 31st October 2021 the DPRs were to be submitted which got extended up to 31st December 2021. Almost all the states Discoms, almost everybody have given DPRs on time. Again, some meetings happened between MOP and state utilities, individual SEBs, lot of meetings are going on, on decision of these SBDs - so things are in the right direction. This is what I can say currently that a lot of tenders are out in the market.

Rajiv Rupani: My last question is regarding gas meters. In the press release you have mentioned we have received few orders for gas meters - so could we have an update on that?

Jitendra Agarwal: Gas meters segment is also taking a very good traction and I am pretty hopeful in the next financial year our gas meter business will also see a significant jump and it will show some good numbers. Recently for orders of gas meters from two, three different utilities, which is a very good sign because we are the only company in the country which has received BIS mark for the gas meters. Though it is not compulsory in the country we are asking the government and the utilities why it is not compulsory. When BIS is compulsory for electricity meters, it should be compulsory for gas meters also because gas meters have more safety related concerns. So in gas meters also you will see Genus doing a very good job from the next financial year.

Rajiv Rupani: So what is the order book? Could you tell me the order book for that?

Jitendra Agarwal: Currently we have orders worth of around Rs. 30 Crores for gas meters.

Rajiv Rupani: Thank you.

Moderator: Thank you. The next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Thank you. Good afternoon. I have a few questions. I understand we have not won any orders in capex plus opex model up till now. But Sir could you probably spend two minutes to explain the modalities of the contract, the capex plus opex, how does it work and how does the payment works, how are the capabilities of different vendors is taken into consideration while giving the contract?

Jitendra Agarwal: The capex model is very simple - mostly as a system integrator we have to bid of per meter per month and this we have to maintain for ten years. 2 to 2.5 years are given for the installation, and 7.5 to 8 years are given for the maintenance. So total for ten years the whole project will be under the system integrator, where the system integrator will do the end-to-end job from installation of meters to maintaining the daily SMS, monthly SMS and quarterly SMS, everything will be done by the system integrator. SMS means service level agreement which will be done between the electricity boards and the system integrators and mostly the system integrator will be paid by per meter per month. So this is how the whole system will work – not only from the meter reading, billing and in some cases they are even talking of collection - everything is managed by the system integrator. So the end-to-end solution of metering will be taken care by the system integrators, which is EESL is doing currently.. So this is how the whole system is going to work.

- Vishal Prasad:** I mean based on the last few calls that we have done – so I understand there are three parts to the capex plus opex model. One would be the meter price, second would be the service part and last would be the software. So for a typical contract where we have eight years of services - so how would be the pricing divided? What part will go to the meter cost, what will go to the software and what would go to the services?
- Jitendra Agarwal:** For the meter and software, we will say these are our immediate capex cost and then it is the maintenance for then it is the installation and then maintenance. Maintenance is going to happen online because these are all online needs where you will have to maintain them. So, if you divide them as a capex to any system integrator since 50-60% of the money will go in the meter and software initially. And then remaining 40% will be on the opex over the period of seven to eight years. Rest everything else will be covered.
- Kailash Agarwal:** 60% is for the installation of the meter and 40% is then the services that has to happen for the eight years?
- Vishal Prasad:** Usually based on our experience what would be the expected life of a smart meter?
- Jitendra Agarwal:** Minimum ten year only. All these projects are ten years projects, so the life has to be ten years. If anything goes wrong within those 10 years we have to replace the meters?
- Vishal Prasad:** If anything goes wrong within those 10 years we have to replace the meters?
- Jitendra Agarwal:** Of course. If anything goes wrong, we will have to replace the meter.
- Vishal Prasad:** You talked about our model where we are in some of the contracts we are trying to become the system integrators and other places we are trying to partner with some other system integrator and wait for the contract. I mean internally we would be having some criteria based on which we decide that okay these are the contracts where we will become the system integrators. So could you elaborate on those criterias which help us decide as becoming the system integrators for a particular contract?
- Jitendra Agarwal:** So the biggest criteria what we have internally is the situation of that electricity board. since we are deep rooted in this area because we have been working within this system for almost two decades - so that becomes a very important criteria for us to decide whether we are going as a system integrator or as meter supplier.
- Vishal Prasad:** Irrespective of the payments from the electricity board to the system integrator, our payments are secured by the system integrator. Is it?

Jitendra Agarwal: In the SBD, payment is absolutely secured to the system integrator also unless he is not doing his work correctly, typically when he is not meeting 95% SLA (service level agreement) – then it is the problem of the system integrator otherwise money is fully secured to the system integrator.

Vishal Prasad: I understand there would be multiple system integrators who would be bidding for each of the contracts - so what are the criteria that they use to select system integrator. Is it totally based on the lowest pricing or is there something else?

Jitendra Agarwal: There is full technical qualification document. Every tender comes out with a huge technical qualification criteria and only once you qualify in the technical qualification criteria and commercially satisfy all the conditions then only the price bidding is opened.

Vishal Prasad: My understanding would be there would be more than one system integrator who will qualify so with all the technical requirements. So, let us say there are three or four who qualify - so the final decision is based on a lowest cost or is there something else?

Jitendra Agarwal: Final decision is lowest cost. But they need to have full technical qualification before getting accepted on the lowest cost and also in some of the cases like just to give you example - the case of Jharkhand where we became the L1 and where we have got the order, it is not only on the lowest price, it is also on the quality cost-based system. So, in a lot of tenders now QCPS is also coming, in the tenders as a criteria, which is very good for companies.

Vishal Prasad: Last question if we have to compare our capabilities in software with our competitors so let us say for example L&T sold it to one of the multinationals - so could you elaborate on what are the advantages that we have with respect to our multinational competitors and what are the areas where we are lacking and we will still have to catch up?

Jitendra Agarwal: Currently Genus is the only company which is providing end-to-end solutions. I do not say that others are not capable of providing that - but they are still little behind us in providing end-to-end solutions in the current state of affairs and we are probably the only company which is working in all the communication spheres. So I think technically if you want to compare with Schneider we are much more vertically integrated in comparison to Schneider. I do not say that these are not good companies. They are all very good companies. There is competition, but currently when it comes to smart meters, we have an edge over them.

Vishal Prasad: Thank you Sir.

Moderator: Thank you. The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

Nikhil Jain: Thank you for the opportunity. I just wanted to ask so the software part of the solution on the opex model, we do it in-house or we take it from somebody else?

Jitendra Agarwal: Currently we are both the strategy. We are doing some work in-house also and we are also outsourcing some of the work. So, both strategies are being worked out currently.

Nikhil Jain: Which is the one that we are preferring? So, our software solution is also let us say approved and can be used? Because if ours is approved then, why are we actually taking outside software solution?

Jitendra Agarwal: It is not that only kind of software or one kind of solution is required. So multiple solutions are required and in some of the places we are using our own solutions, and in some of the places we are using the solution as demanded by the customer. So, both strategies are being worked out. We have our vendor base also and we use our own product also.

Nikhil Jain: Second thing is that in one of the earlier calls you suggested that there are something like 90 to 100 people who are working in the R&D side, who are working in doing the development work for the smart meter. So if you can just give a little more idea about what they actually do and what is the value add that is coming in from there? How is it different from let us say a commodity kind of a product right that's available off the shelf so based on the work that the team is doing? So if you can just give some perspective that will be very helpful? Thank you.

Jitendra Agarwal: Meter being a very custom-built product, it needs a lot of customization according to the customer requirement. Just to give you a simple example like in doing a smart meter project in a city like Jaipur, the end customer is concerned about the SLA (service level agreement). He is not much concerned that how we are going to get to the data. So for him the most important is to meet the SLA. We are currently working in Jaipur, what we have seen in Jaipur, is we are using all the technologies, in some places we are using others for communicating, in some places they are using GPRS. Genus has the capability looking to the condition of the geography, because we are vertically integrated, we have our own design. We are not dependent on others for design of the product. We have almost 300 engineers in the R&D (not just 90 to 100) just to give you a perspective - we are very solid in terms of R&D. And it is not only when we talk about smart meters, it is not only about hardware, there is a lot of embedded software, which goes into this. It is the only electronic product in the world which has an electrical application. This is where people have to understand is that smart meters meters, will never become a commodity and I am confident

about it. Reason being it is an electronic product which has an electrical application plus the reliability of this product has to be such as there is no electronic product in the world it has to work 24/7, full time. A lot of application software has been added because of the smart end-to-end solutions being provided. So that is where the R&D brings in a lot of customization, a lot of solution that gives the edge to companies like us.

Nikhil Jain: So when we reach a level of full capacity utilization let us say 100% by Q3 of the next financial year and given that our the order book is now tilted towards 85% to 90% smart meters - so what could be let us say a margin on a TOTEX model or some guidance on the margins when we reach a high capacity? I presume that smart meters will have much better contribution margin as compared to the earlier conventional meters?

Kailash Agarwal: First of all I would like to clear that we will not be reaching 100% capacity utilization from third, fourth quarter - we will be reaching to a pre-COVID level capacity utilization - that will be 55% to 60% capacity utilization. So once we will reach to 100% utilization, our turnover will be more than Rs. 2,000 Crores. So basically that is what you have to understand. JK, now you can continue.

Jitendra Agarwal: By Q3 or Q4 of FY23, once we reach the normal pre-COVID level, we expect our EBITDA to be in the range of 16% to 18%, it will be at the pre-COVID levels or even better.

Nikhil Jain: So I was just presuming that it should be better than what it was earlier, because the component of smart meters has gone up in the overall order book and hopefully the price of the raw materials and all will also come down.?

Jitendra Agarwal: Even I am very hopeful, it should be better.

Kailash Agarwal: If there will be a raw material price falls, we will be getting more better margins.

Nikhil Jain: Thank you.

Moderator: Thank you. The next question is from the line of Anshuman Ashit from ICICI Securities. Please go ahead.

Anshuman Ashit: Thank you Sir once again. Sir can you please tell us what is the quantum of FMS in our order book currently?

Jitendra Agarwal: Off hand I do not have the numbers. I can send it to you.

- Anshuman Ashit:** We have received the order from NCLT regarding our restructuring process. So, could you please give some details on where the process currently stands at and by when do we expect the whole process to be completed?
- Kailash Agarwal:** The shareholders meeting has been called that is in the end of the February so once that approval will come, then you will find the second motion in the NCLT. And I think after filing the second motion NCLT might take two to three months. So I am very hopeful that first quarter of next financial year we will be over with the process.
- Anshuman Ashit:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Ridhi Kothari from Kothari Securities. Please go ahead.
- Ridhi Kothari:** Thank you for the opportunity Sir. I had a couple of questions; so the first question is that how much order inflow can we expect in Q4 of FY2022 and FY2023?
- Jitendra Agarwal:** Order inflow in this quarter in terms of number, it is very difficult for me to comment right now because a lot of tenders are in the pipeline, they may get decided in next 15 to 30 days as sometimes because of the March end they do spill over to April and May - so exact numbers is very difficult to give. -
- Ridhi Kothari:** Smart meters are likely to constitute how much share in our order inflows going forward?
- Kailash Agarwal:** Going forward, smart meters are going to be 85% to 90% in the order inflow.
- Ridhi Kothari:** Sir you have mentioned of much improved performance in FY2023 - so how much topline growth and operating margins can we expect in the next financial year?
- Kailash Agarwal:** The next financial year, as we said earlier also, we maintain the same guidance that we expect revenue of Rs. 1,200 crore plus in next financial year, with an EBITDA of pre-COVID levels i.e. 16% to 17%.
- Ridhi Kothari:** Thank you. That was really helpful.
- Moderator:** Thank you. Thank you. The next question is from the line of Isha Savla from Arya Securities. Please go ahead.

- Isha Savla:** Thank you for the opportunity. Sir could you please provide an overview on the current status of Indian metering industry and the implementation roadmap of new distribution reform scheme? And how you see the industry evolving over next one to two years?
- Jitendra Agarwal:** The overview, the industry has evolved from conventional electronic, digital meters to smart meters. Government mandate is very clear to the state electricity boards as smart meter does bring a big benefit to their revenues. Government of India has also given a lot of incentives to the state electricity boards for implementing a smart meter - so the future is very clear that most of metering in the country is going to be smart metering only. Government is ambitious of installing 250 million meters in the next four years, but that definitely would not happen in the four years, as it is not easy. In the next six to seven years this should surely happen. This is the government mandate and this is visible also. Industry is well geared up, and the stakeholders are geared up, so the future looks to be very good.
- Ridhi Kothari:** Good to know that. Sir as you all have mentioned that there will be multiple jump in the Indian metering industry, can you provide a ballpark figure of annual revenue size of the industry?
- Jitendra Agarwal:** Currently our industry size hovers around Rs. 3,000 Crores to 3,500 Crores mostly if you see last four five financial years. I am confident that this industry size will go up by two to three times at least.
- Ridhi Kothari:** Going forward can we expect our company to maintain its current 25% market share post a multiple jump in the size of the industry?
- Jitendra Agarwal:** To be very frank, we are very confident - this is the way we are working internally. We have our targets that whatever the conventional meters, Genus has the largest installation base of conventional meters in the country and internally we have our target that every Genus meter should be changed to a Genus smart meter. So, I am pretty confident, yes, we will be able to retain on our market share in the times to come.
- Ridhi Kothari:** Good to know that. Sir, I have just one last question that what impact will the new distribution reform scheme will have on our operating margins and on our working capital cycle? Can we expect much improved performance on both the fronts? Can you shed some light on the same?
- Jitendra Agarwal:** At Genus, yes once we start applying to system integrators definitely our payment situation improves, working capital improves, because most of the system integrators are very secured. As Genus we would also be becoming a system integrator in some of the projects. The payment terms of the project is pretty secured. So, working capital requirement in

terms of numbers will surely increase because our business is also increasing but in terms of number of days it will surely reduce.

Ridhi Kothari: Thank you so much.

Moderator: Ladies and gentlemen due to your time constraints that was the last question for today. I now have the conference over to Mr. Kailash Agarwal for closing comments. Thanks.

Kailash Agarwal: Thanks a lot ladies and gentlemen. We surely assure you that the company will be doing very good and the coming time is very good for the company, seeing the market, seeing the conditions and the government inclined towards the smart metering. Thanks a lot.

Jitendra Agarwal: Thank you everyone. Please be safe.

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