



“Genus Power Infrastructures Limited Q4 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen good day and welcome to the Genus Power Infrastructures Limited Q4 FY2022 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jitendra Agarwal, Joint Managing Director of Genus Power Infrastructures Limited. Thank you and over to you Sir!

Jitendra Agarwal: Good evening, ladies and gentlemen. A very warm welcome to the Q4 FY2022. I have Mr. Kailash Agarwal, Vice Chairman of the company and SGA our Investors Relations along with me in this call. The results and investor presentation are uploaded on the stock exchange and company website. I hope everybody had a chance to look at it.

So few highlights, revenue of Q4 2022 was impacted by lower capacity utilization due to shortage of semiconductors and other critical electronic components. However, we have secured our supply requirements for semi-con for FY2023 and thus expect a robust rebound in revenue in coming quarter on back of robust order book and healthy order inflow.

We have recorded sales of Rs.181 Crores for Q4 FY2022 as compared to Rs.196 Crores in Q3. For Q4, EBITDA stood at Rs.19 Crores as compared to Rs.21 Crores in Q3 FY2022. Higher raw material prices and lack of operating leverage due to lower capacity utilization resulted in lower operating margins of just 10.6%. Profit after tax stood at Rs.11 Crores, up by 34% on sequential basis, as against Rs.8 Crores in Q3 of FY2022. In December 2021, we have received orders worth about Rs.325 Crores across exports geography and domestic geography. Within domestic geography orders have been received for smart meters across multiple state electricity boards and some orders are for gas meters. These orders will be executed over the next 12 months.

In April 2022, we received the LOA for appointment of Advanced Metering Infrastructure Service Provider (AMISP) including design of AMI System with supply, installation and commissioning of one million smart prepaid meters. Along with DD meter level energy accounting and FMS of these one million smart meters from its state utility of Bihar. The total order worth Rs.828.57 Crores (net of tax) is the single largest order finalized by any state utility in India for AMISP to a private company like Genus. As on May 12, 2022 our

order book, before adjusting for revenue post March 31, 2022, is stood at Rs.1908.20 Crores (net of taxes).

The impact of 'Reform-Based, Result-Linked Power Distribution Sector Scheme' can be felt on ground as almost every SEB has come out with inquiries and floated tenders for installation of smart meters. Thus, we anticipate robust order inflows in FY2023.

With the RDSS scheme, the central government has done away with one-size-fits-all approach of previous schemes. Most of the apprehensions of SEBs has been addressed by customizing the policy guidelines as by their respective specifications. Thus all stakeholders are onboard and the rollout of the smart metering scheme across India is anticipated to be very smooth affair in the times to come.

With the implementation of RDSS, we expect the entire landscape of the Indian Metering Industry to drastically change with multi-fold jump in the annual industry size. This will also lead to momentous shift from conventional meters to smart meters in Indian Metering Industry, thus, enabling much improved operating margins. In smart meters the company will also have a lot of opportunity in terms of recurring revenue as facility management system provider because all the contracts have FMS in their contract. We as a company are specifically targeting recurring revenue as an avenue for sustaining our growth. Further, the 'TOTEX' model is now getting increasingly accepted among SEBs wherein the capex will be undertaken by AMISPs, also known as system integrators under the Design Build Finance Own Operate and Transfer (DBFOOT) arrangement.

From the monthly savings made in modern account of the smart meters, the SEBs will undertake monthly payments to system integrators for a period of six to eight years known as 'pay-as-you-save-model'. All these developments will culminate into robust order inflows, healthy topline growth, better operating margins as well as much improved working capital cycle for coming six to seven years starting from FY2023 for the Indian Metering Industry.

We plan to play dual roles of being a system integrator ourselves as well as being vendors to other system integrators for their smart metering requirement. We have continued to focus on technology upgradation and operational efficiency to solve our long-lasting relationship with our clients, which has engraved our leadership position. We are confident of significant improvement in our business operations in FY2023 provided there are no further COVID-19 related shocks. We can now open the line for Q&A. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Mohit K from DAM Capital. Please go ahead.

Mohit K: Good afternoon, Sir and congratulations on a decent set of numbers in Q4 and winning the building a large order book. My question is given the order book of 19 billion now, what is the kind of revenue is possible in FY2023 and what is the time life cycle of these orders?

Jitendra Agarwal: We have given the guidance earlier also and we surely maintain the same pattern that FY2023 will be around Rs.1,200 Crores; this is what we have given the guidance earlier. Surely quarter-on-quarter you will see improvement, the things are becoming better, electronic components shortage is also improving every day, because whatever the works we have done in last six to nine months will start showing from next quarter onwards, so you will only see improvement in a quarter-on-quarter basis. And you asked about the lifetime of these orders, so if we take this order book currently what we have in around Rs.2000 Crores, out of this Rs.2000 Crores you can see that around Rs.1,000 to 1,200 Crores are to be executed in next 12 months and remaining are orders of FMS, installation that will be executed over the period of time, so this is how you can differentiate between the order book.

Mohit K: My second question is on the EBITDA margin. Given the input inflation, given the chip shortages, do you think there is a risk to our margin profile or do you think the margin can expand from 10-ish to around improvement, is it possible to improve the EBITDA margin going forward given that our sales are expected to increase in FY2023?

Jitendra Agarwal: From the current levels, the EBITDA margin will improve significantly, so I do not see any challenge in that and whatever the guidance we have given earlier around 16% of EBITDA margin, we are pretty confident of achieving that 16% by the end of this financial year.

Mohit K: Understood, Sir my third question is on the order opportunity, of course, we have heard that many of the states have now got the funding and many of the tenders are awaiting closure, so are you expecting a heightened activity in the next three, four months and can you please throw some light on which are the tenders which you expect to get closed in the next two to three months?

Jitendra Agarwal: I can just give you a brief guideline of where the industry is standing today. Currently only on the supply part, we have live tenders worth Rs.550 Crores and only on the opex part we have live tenders about Rs.3,000 Crores and for the conventional meters, we have live tenders was Rs.1,140 Crores. So these are the tenders which are already been quoted. So currently we have quoted tenders which are live that are already being quoted is to the tune of Rs.4,650 Crores. And such tenders which are already out in which will be quoted in next three to four months and orders will be decided in further two to three months. So almost worth Rs.25,000 Crores opex model tenders are out in the market and only for the supply of smart meters worth Rs.1,100 Crores tenders are out in the market, which will be quoted.

And only meter supply tenders for conventional meters are around Rs.400 Crores. So in total you will see around Rs.26,000 Crores of tenders are open, which will be quoted in next three to four months and will be decided further. And almost to the tune of Rs.4,650 Crores tenders are already quoted which are live and running and there are different stages. So we see it definitely in next three to six months order inflows should be very healthy.

Mohit K: Given the fact that we can do only so much in TOTEX mode, are we tying up with different bidders, so that we can do a far better supply in coming years?

Jitendra Agarwal: Genus will be playing that dual role. As I said during my opening remarks also, Genus is going to one company which will be playing a dual role, what we are doing currently also. We will be suppliers to the AMISP as technology provider, meter provider, communication provider or end-to-end solution provider and on the other side we will be also doing our AMISP. As Genus, recently we have taken order from the Bihar State Electricity Board. So Genus will be playing both the roles, so we are very closely working with our partners across the country where we will be playing a dual role and we will continue to play the same thing in the future, which will give us very healthy business also and good balance of being a AMISP provider and being a manufacturer.

Mohit K: All the best Sir, 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 for the opportunity, Sir and congratulations on the large order win. My first question is related to the order itself. So when do we expect to start the implementation of the order and can we assume a 60%-40% capex opex mix for that - so 60% of the total order size to be implemented over the next year through capex and 40% over the subsequent eight years, that is the correct assumption?

Jitendra Agarwal: Assumption is not wrong that is mostly correct assumption 60:40. And this order implementation of this, because you have to do a lot of survey, the way the government gives, they give us 30 months for the implementation of these projects, so we are also planning accordingly. We will start seeing on the ground maybe the first installation from the month of September only not before September or October. So it takes four to five months to start working on the ground.

Anshuman Ashit: Okay, so the margins which we will be making in this order, so definitely it should be much better than what we have clocked in Q4, any thoughts on that?

Jitendra Agarwal: Yes, because all our old orders are slowly and gradually getting finished and mostly in the first two quarters of this financial year all the old legacy orders will be finished because the industry was going through a very tough margin cycle as prices have increased all across. So definitely that benefit will be visible from Q3 of this financial year. So margin definitely will not be the way it is currently, it will be far better than where we stand today.

Anshuman Ashit: What is that legacy low margin order book that we have currently; in Q3, you had mentioned that only 25%?

Jitendra Agarwal: We have some old orders, which are getting completed, but by the end of the first two quarters, I think most of our old orders will be closed.

Anshuman Ashit: Okay, in Q1 this year has a capacity utilization improved over Q4 and what was the level for FY2022 if you could just give us that number?

Jitendra Agarwal: For FY2022 our capacity initialization was very low, clearly visible in the numbers, And in Q1 and Q2, you will see improvement every quarter, but I do not expect Q1 and Q2 to come to the level where we should be at in Q3. So Q1 and Q2, you will see improvement every quarter but yes the things are getting better. Specifically from July onwards I am seeing a lot of things improving significantly from July end or August onwards. Whatever the planning has been done in last six to nine months, those results will be visibly open in the front of us from August onwards.

Anshuman Ashit: Have we started receiving the semi-conductors, which we have tied up for FY2023?

Jitendra Agarwal: As I said just now, you will see things are getting better and not to the level where we expect it to be. So from August onwards, I think semiconductor availability will be much better than where we are standing today. You will see improvement every quarter, but first two quarters will not be the same level where we had expected it to be.

Anshuman Ashit: Okay and large order book that we have, so going forward you have mentioned us around Rs.26,000 Crores worth of orders will come in the next three to four months.

Jitendra Agarwal: I said tenders will be floated.

Anshuman Ashit: Do you think that we will be able to maintain our market share in those tenders?

Jitendra Agarwal: Being a supplier, we have been maintaining a very healthy market share. With the industry growing leaps and bounds, to maintain this market share will not be easy, but definitely we will play our leadership position, so that is the reason we are focusing our business in the

way where we are playing the dual role. If we focus only as a AMISP provider, then we cannot maintain our such kind of manufacturing market share when it becomes too large, so we will be playing both the roles and our market share will be healthy and we will maintain our leadership position; this is what I can say confidently.

Anshuman Ashit: On this AMI order, do we need to build any capability on the ground level and what capabilities we have currently and what are we aiming to achieve when we start the implementation.

Jitendra Agarwal: Some capabilities definitely will be added, but not much because Genus has been focusing on this kind of work from last three years. It is not that something suddenly very new has come to Genus which they have not done ever before in terms of technology, in terms of implementation on the ground. It is the finance model, which has changed. You will see, a project we have already done worth of Rs.350 Crores in Rajasthan very successfully, but that project was called as a capex order - where 70% was capex and 30% was FMS. And the project what we are going to do now in this large orders with AMISP only the financial model has been changed where there is less of capex and mainly it is going to be per meter per month, but the technology, the product, the solution, the ground level working is same, so Genus as a company has developed themselves in last three to four years in handling such projects, so technology wise I am not seeing any challenge at all on the ground. That is why we are very confident that whatever the hard work we have done in last three, four years is going to pay us very dearly in near future.

Anshuman Ashit: Thank you so much Sir. I will come back into the queue if I have more questions.

Moderator: Thank you. The next question is from the line of Rajiv Rupani an Individual Investor. Please go ahead.

Rajiv Rupani: Thanks for the opportunity. In the last con-call, you had said that you will look at capex in the month of May and June if required, so could you update us on? Any new capex is required and when will you do that?

Jitendra Agarwal: Currently, we are not needing any capex, so as such we do not have any. Small capex, here and there, we keep doing it and it is a regular feature of the manufacturing industry, but nothing major we are going to do currently.

Rajiv Rupani: Okay, but if that Rs.25,000 Crores order book, which is to be quoted in the next three, four months so if we get a good part of that order, then the new capex will be done accordingly?

Jitendra Agarwal: As we have always maintained earlier also as Genus since we have a very strong hold because we are a vertically integrated manufacturing company, so we have a very strong hold on our product, so whenever we want to double our capacity currently we are comfortably sitting at 10, 11 million meters annually, which can be expanded to 20, 25 million within three to six months. Whenever we will get such large orders, we will have sufficient time to reach to that capacity level so that we are not seeing as a challenge at all. Whatever the long-term things like plant, building that we have done long back, so we are not much worried on the capacity extension. Yes, few things like we are moving from purely a supplier to a complete end-to-end solution provider. So we are already working on the network operating center and more center will be under the development, so these are part of our regular work. I am not seeing these as something different what we are doing. I am not seeing any other major capex currently.

Rajiv Rupani: Okay and my next question was on gas meters, what is the current...

Jitendra Agarwal: Just want to add something in the interest of everyone, a lot of investment, when I say a lot of investment we are currently doing to maintain all these smart meters on the software side, so there is a lot of work in terms of capex and all this is going on, so that is nothing to do directly with the manufacturing, that is more to do with the solution providing.

Rajiv Rupani: Okay, my next question was on gas meters, what is the current order book?

Jitendra Agarwal: Currently the order book is around Rs.18 Crores to Rs.20 Crores, not much and we are continuously quoting the tenders of the gas meters, we have been again very choosy on gas meters, we do not want to just play on the price part, so we have very clear goals on the gas metering market and we are very much ahead of our goals what we have decided for ourselves, I am pretty happy with the success with the way the gas meter business is going on currently.

Rajiv Rupani: Okay and my next question was that our current order book is about Rs.1,900 Crores, so out of that how much is conventional meters and how much is smart meters?

Jitendra Agarwal: Primarily, it is smart meters, conventional meters is only around Rs.350 Crores to Rs.400 Crores; exact number I do not have but yes it is below Rs.400 Crores and above Rs.350 Crores.

Rajiv Rupani: Okay, thank you.

Moderator: Thank you. The next question is from the line of Amish Kanani from JM Financial. Please go ahead.

Amish Kanani: Congrats on getting a large order. My question is with this kind of large pipeline, are we seeing any new players coming to the foray and bidding or we have the usual, if I remember correctly, our peers being Schneider, L&T and those type of player only are bidding and how do you see the competitive landscape in that context, also if say all tenders come together, do you think industry has a capacity to build and execute this large order or the people who are probably late in the timelines may face challenges in procurement itself and given the scenario that you mentioned, we do have those electronic components, which are in short supply; if you can give us some sense of the situation there maybe one year, maybe you have been able to procure, but how is the industry coping with this kind of things? Thanks.

Jitendra Agarwal: Thank you very much. You asked many things; can you repeat it, I am sorry.

Amish Kanani: I will ask one by one in the areas. One is, if you can give me the sense of competitive landscape and also if there are any new bidders coming in Sir?

Jitendra Agarwal: There are two types of very clear markets. One is, a meter manufacturer, which we are currently doing like companies like Genus, Schneider, Secure Meters, HPL, I am not seeing any new participant coming as a meter manufacturer. It was quite concentrated with all the players which are already there, A category, B category, C category, but there is no new player. No international companies are coming in and imports more or less out of question. So as a meter manufacturing we are not seeing any new competition coming up. As AMISP, yes, there are a lot of people, a lot of large companies are also showing interest. These are all large contracts and you need fairly strong pockets to take into these contracts, so that is where we are seeing a lot of good companies. Even Adani is taking a lot of interest in the projects, they want to bid some of the projects.

Amish Kanani: Which company?

Jitendra Agarwal: Genus, Tata Power and Adani Power, so there are also taking interest in the AMISP contracts, so as a AMISP provider I am seeing a lot of new player coming in, this was expected as metering industry was never ready to do this job as a AMISP. Genus is the only company and only I see one more company Secure meters. We are interested to bid as a AMISP, otherwise metering industry is playing the same role what they used to play earlier, which is to provide meter, provide technology. AMISP landscape is completely different, there are a lot of new players are coming in.

Amish Kanani: In that context Sir, if you can also give us some sense and maybe with respect to the Bihar order that we had win, what was the difference between L1 and L2 if you can share that how it will give us some sense of how competitive is this market and how do you see that?

Jitendra Agarwal: The difference was pretty handsome, between L1 and L2. Genus was quite competitive in that particular tender. And one of the reasons, the industry is seeing Genus to be very competitive because we have the complete hold on the technology, so that is where we will play major role in this landscape. We know this and that is the reason if you see Bihar, there were two tenders, one for 2.6 million and one for one million. So we quoted for one million as a AMISP and we became L1. The company, which became L1 is 2.6 million is also a metering company which is Secure Meters. So in that sense you will say, because we have metering people, we know this landscape better than the typical project company, so definitely we score over the advantage.

Amish Kanani: Correct Sir. In that context Sir, you did mention the EBITDA margin for this year, I do not want under our contract and customer specific margin to understand, but did you mention EBITDA margin to be more in the range of 18% to 20% this year?

Jitendra Agarwal: I specifically mentioned whatever the guidance we gave last time also around 16%. I am more than confident that our EBITDA margin will be 16% in FY2023. Just one more thing as I said earlier that first two quarters are going to be very difficult. You will see improvement quarter-on-quarter, but yes first two quarters you will see very much like this financial year. So that is why we are giving the guidance of 16% EBITDA.

Amish Kanani: Okay. Does that mean that in the second half, the margins will be upwards of 20 plus and that is why we are talking 16% or you think 16% will be the margin in the second?

Jitendra Agarwal: I want to give a guidance of 16% at the end of the full financial year.

Kailash Agarwal: Basically, you can feel that the last second half will be better than the margins from 16%.

Jitendra Agarwal: Yes definitely.

Amish Kanani: Okay and if you can just now explain the funding mechanism part of the whole thing. As a fresher, I understand there are some sovereign guarantees and all, but if you can give us some sense of how does it work and stuff like that?

Kailash Agarwal: Funding basically will be from the company only. The company has good strength in terms of equities also and debt also, so there are no issues on funding things and secondly as you said earlier also that 60% will be for the next two years, so if we say that Rs.800 Crores order and Rs.500 Crores we have to do in next two years, or there is no big funding is required in that.

Amish Kanani: Okay, so we are prepared to fund and there are no major worries on that.

- Kailash Agarwal:** It is not a very big funding that is required because you hardly Rs.450 Crores, Rs.500 Crores that too in next two years.
- Amish Kanani:** Okay and just to clarify we need not worry about the financial condition of the states, because it is back-to-back also given some sort of sovereign guarantee is there, right?
- Jitendra Agarwal:** Yes, sovereign guarantees plus these are all going to be prepaid smart meters where the first payment will be coming to the AMISP, so I think the payment situation will improve rather than whatever challenges we are facing today, they should get over once this smart meter comes into big time consideration.
- Amish Kanani:** Okay, thanks a lot and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Abhinit Anand from Emkay Global. Please go ahead.
- Abhinit Anand:** Thanks for the opportunity. Pardon my ignorance if I am asking something very basic, but I just wanted to understand from a macro perspective, the whole scheme that the government is running right around Rs.1.5 Lakh Crores for the deployment of the installation of the smart meters, right maybe over the next decade; if you can help me break up this number into two, three categories because the whole system will require manufacturers, communication guys, software guys, and then somebody who will be running the whole thing right, so if you can help us break down into these four segments and also in terms of the value that can be assigned to all these?
- Jitendra Agarwal:** It is a very broad question; it is like explaining the whole industry., So there is one way, in the interest of time of everyone I can explain you separately. There will be four components and just speak very broadly, the government is talking about 250 million smart meters and we are...
- Kailash Agarwal:** Better, we can ask SGA, they can draw mail to us and we can just to clarify on that.
- Jitendra Agarwal:** It will be better, because if I had to explain broadly, it will take lot of time.
- Abhinit Anand:** No issues, I will send the mail.
- Jitendra Agarwal:** We will be more than happy to explain it.
- Abhinit Anand:** Sure Sir.

- Moderator:** Thank you. The next question is from the line of Shantanu Chatterjee from Mount Intra Finance. Please go ahead.
- Shantanu Chatterjee:** Thank you very much for providing me this opportunity. My question is, I want to know how much portion of the smart meters that belongs from indigenous components, percentage-wise, and how much we are outsourcing from outside India?
- Jitendra Agarwal:** Almost 70% of the raw material is indigenous and 30% is imported, so we have given the same numbers to the Government of India also, so we can say depends on the different companies have different designs, but the ballpark that the industry has given to Government of India 60% to 70% as indigenous and 30% to 40% as imported.
- Santanu Chatterjee:** Okay, thanks a lot and want to know Sir that we have already got a Rs.828 Crores order book from a state utility, from which state utility we have got that order Sir?
- Jitendra Agarwal:** Rs.828 Crores means?
- Santanu Chatterjee:** Rs.828 Crores order book.
- Jitendra Agarwal:** That is from Bihar state electricity board, South Bihar, SBPDCL.
- Shantanu Chatterjee:** Okay and Sir, my last question is how much opportunity size we are envisaging in our water meter area?
- Jitendra Agarwal:** We have not yet launched the product, so we are not in water meter currently, I cannot speak anything on that.
- Shantanu Chatterjee:** Okay, we are not exploring any opportunity in that segment?
- Jitendra Agarwal:** We are working, but right now, we are not exploring anything on water meters.
- Shantanu Chatterjee:** Okay Sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line Suraj Nawandhar from Sampada Investments. Please go ahead.
- Suraj Nawandhar:** Good afternoon, so just couple of bookkeeping questions Sir. I see our inventory levels have gone up year-on-year, so what it has been that relating to?
- Jitendra Agarwal:** I could not understand. Can you repeat?

- Suraj Nawandhar:** Inventory on the balance sheet has gone up from Rs.177 Crores to Rs.220 Crores, so why it has gone up?
- Jitendra Agarwal:** I have been maintaining every year also, but we are continuously stocking components so the only reason is that. Right now, it is very difficult for us to do the sourcing properly if something is available. We are running in a shortage period, so how it has been planned, so wherever we get something, don't so that is the only reason the inventory has gone up. It is a very planned inventory going up, nothing unusual at all, it is very well planned.
- Suraj Nawandhar:** Investment of Rs.212 Crores, are they in the form of mutual fund and very liquid form that we can access very easily, they are invested in some company or something?
- Kailash Agarwal:** All mainly in mutual funds and all treasury and are easily available all the time to the company.
- Suraj Nawandhar:** With this AMISP order because we already operated on a very long working capital cycle of 200 days or something. With this AMISP order, can we expect our working capital cycle to get a bit more longer and leverage on the balance sheet?
- Kailash Agarwal:** No, basically, it will be lesser because this has nothing to do with the working capital cycle, actually it will be monthly rental coming to the company on the basis of the capex what company will be making, so we ideally feel that there will be a reduction in working capital cycle.
- Suraj Nawandhar:** How much will be the upfront investment that we will have to do for the next two years and how much we will get every year, is there any back of the envelope amount of calculation that you have done?
- Kailash Agarwal:** Basically, there will be an investment of approximately 60% of the order in next two years and the revenue will start coming just after one year.
- Suraj Nawandhar:** Is there any ballpark figure that you can say okay we are expecting this much amount of revenue from this order every year as a recurring revenue?
- Jitendra Agarwal:** Once we complete one million meter, then we expect around Rs.76 Crores per year as a recurring revenue.
- Suraj Nawandhar:** Okay. Thank you, Sir and all the best. That is all from my side.

- Moderator:** Thank you. The next question is from the line of Anshuman Ashit from ICICI Securities. Please go ahead.
- Anshuman Ashit:** Thank you for the opportunity once again Sir. You have just mentioned that you will be receiving Rs.76 Crores per year, is that from the second year onwards from the implementation?
- Jitendra Agarwal:** Once we complete one million, I am just giving you the maximum what we can receive in a year, once we complete one million. This recurring revenue start once we do 5,000 meters, after every 5,000 meters the UAP is done . Once the UAP is done, the meters go live.
- Anshuman Ashit:** Is this the opex returns, which you can say?
- Jitendra Agarwal:** This is the opex returns.
- Kailash Agarwal:** Once the 50,000 meters are completed, the revenue will start coming.
- Anshuman Ashit:** 5% of the total.
- Jitendra Agarwal:** Revenue will start coming.
- Anshuman Ashit:** Because this is also under the RDSS scheme so the state government will be getting the grants of 15% and the incentives as well from the center?
- Jitendra Agarwal:** It is not that the RDSS is one size fits all. They have given the guideline in this particular order. They are taking some money from NABARD also, they are taking some money from the government also, so it is not that the RDSS you cannot take money from different. In this particular tender, 10% is advance and close to 22.5% is capex, so almost 30%, 35% is paid upfront once we supply the material. Every RDSS project will be different from each other. It is not that the only one type of funding or only one type of tenders will be floating in the market.
- Anshuman Ashit:** Okay, so which are the other states will be quoting their tenders in the next three, four months?
- Jitendra Agarwal:** I would say most active currently are Maharashtra, Bihar is coming further with new tender. The most active currently are Maharashtra, Andhra Pradesh, Rajasthan, and UP. They are the most active state currently and Assam and Madhya Pradesh, so almost 16 states the RDSS scheme has been approved, so you will see almost every state is coming out with some tenders in next three to four months.

Anshuman Ashit: Okay. Next question is on our FMS target, so you have said that you are targeting to increase your recurring revenue; what is the current order book of FMS and any guidance which you can give on that particular part of the business?

Jitendra Agarwal: The current order book, exact number I am sorry I am not in a position to give you exactly the breakup of how much is the FMS, I don't have it. If you come offline with me, so I can let you know and targeting, as such we have not targeted anything, but even as we meet our vendor whenever we are quoting we are taking the FMS first from the AMISP, so as a company we have a special focus on the FMS revenue because it gives us two advantages that we are connected with the project till the end of the project, there is a model only to supply the material because in smart meters you have to service that for 10 years whether you do it as a AMISP or you do it as a meter manufacturer, so we are targeting contracts even if we are only a supplier we want to do the FMS part so that our customer is also happy and we are also taking care of the project for next ten years.

Anshuman Ashit: Okay. Just one question on coming back to the AMI order, which we have got. All the one million meters will be the smart prepaid meters, is it?

Jitendra Agarwal: All the meters will be smart prepaid meters

Anshuman Ashit: Okay. One final question.

Jitendra Agarwal: I just want to for the interest of everyone, a smart meter can be prepaid, postpaid, online, so it is not a difficult topic. But all these are going to be smart prepaid meters.

Anshuman Ashit: One final question Sir, are we currently on the restructuring part, so what is the status? If you could just give us some details?

Kailash Agarwal: By next quarter, I think that will be done completed.

Anshuman Ashit: Thank you so much.

Moderator: Thank you. The next question is in the line of Jainam Gelani from Moneybee Investment Advisors. Please go ahead.

Jainam Gelani: Thank you for the opportunity. I am a little new to the company, so pardon me if my questions go somewhere. I just wanted to know that you mentioned that the capacity is right now 11 million units, which is for conventional meters, so what would be the capacity in terms of smart meters like do they take the same time in assembling smart meters and conventional meters?

- Jitendra Agarwal:** They do not take same time in assembly, but we have already upgraded our facility, so when we talk about capacity 75% to 80% is the capacity for the smart meters. When we say 11 million, 75%, 80% is the capacity for smart meters.
- Jainam Gelani:** Basically, you can say by ramping up, can we run for 50% to 60% utilization in FY2023 for smart meters,, once we start the order for the smart meters in September?
- Jitendra Agarwal:** The full financial year 50%, 60% is I wont not say it is impossible, but yes because first two quarters are going to be difficult, the reason is component availability.
- Jainam Gelani:** Okay and the order that you have received from Bihar like for Rs.828 Crores, so what would be the timeline that would be required to execute this order?
- Jitendra Agarwal:** 30 months is the timeline for installation and there after 90 months for the recurring revenue.
- Jainam Gelani:** I could not get your voice, could you repeat please?
- Jitendra Agarwal:** 2.5 years, 30 months for the installation and supply and 90 months for the recurring revenue.
- Jainam Gelani:** Thank you.
- Moderator:** Thank you. The next question is in the line of Rajiv Rupani an Individual Investor. Please go ahead.
- Rajiv Rupani:** Thank you Sir again for the opportunity. My question is during the call you mentioned that Adani and Tata Power are taking interest in AMISP, so would they be procuring the smart meters from us?
- Jitendra Agarwal:** Yes, people like us. Currently there are two, three big quoted, which they could not win. But they are quoting with people like us only. Surely we will play a role of being a smart meter manufacturer for them.
- Rajiv Rupani:** Okay and my next question is our capacity is 10 to 11 million meters so what kind of turnover you expect to do with the major smart meters being produced at full capacity?
- Jitendra Agarwal:** All full capacity, if we take a ballpark figure, we can comfortably do 3,000 plus.

- Rajiv Rupani:** Okay and my last question is with all the states joining in to procure smart meters, so where do you see the company let us say after three, four years, what kind of revenue can we achieve?
- Jitendra Agarwal:** Will glad to be super optimistic so 4000-,5000 is a very doable figure, but yes since the past two years it has been very difficult, any number I do not want to speak. I want to prove it first before speaking the numbers.
- Rajiv Rupani:** Okay. Thank you, all the best.
- Moderator:** Thank you. The next question is from the line of Swati Jhunjunwala from VT Capital. Please go ahead.
- Swati Jhunjunwala:** Good afternoon, Sir. Most of my questions have been answered. Just one thing I missed, could you give the revenue guidance for FY2023 please?
- Jitendra Agarwal:** I gave it in the beginning itself, it is around Rs.1,200 Crores.
- Swati Jhunjunwala:** Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen that was our last question. I now hand the conference over to the management for their closing comments.
- Jitendra Agarwal:** Thank you ladies and gentlemen. We apply our deep industry domain knowledge to manufacture quality products and successfully resolve our clients' challenges. So we are confident of delivering sustainable growth as it is on the back of robust processes. With rapid adoption of smart meters over the coming years, we are committed to continuing to deliver top notch innovative smart metering products to meet evolving demand in the Indian market. We shall continue to raise the bar and strive to maintain the leadership position. In case you have any further queries, please get in touch with SGA, our investors relation advisors. Thank you everyone. Take care, be safe. Jai Hind. Thank you.
- Moderator:** Thank you. Ladies and gentlemen. On behalf of Genus Power Infrastructures Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.