



“Genus Power Infrastructures Limited
Business Update Conference Call”

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LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Analyst Conference Call of Genus Power Infrastructures Limited to discuss the business update on the deal that the company has made and entered with GIC to set up a platform to fund smart metering projects. This conference call is being hosted to discuss the GIC partnership and the company will refrain from discussing anything on business performance or financials for Q1 FY'24.

This conference call may contain certain forwarding statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kailash Agarwal, Vice Chairman of Genus Power Infrastructure Limited. Thank you and over to you, sir.

Kailash Agarwal:

Good afternoon, all. Good afternoon, dear friends. A very warm welcome to all of you. Along with me on this conference call is Mr. Jitendra Agarwal, who is the Joint Managing Director of the company and our Investor Relations Advisors, SGA.

As disclosed to the stock exchanges, we are pleased to announce that we have signed definitive agreements with Gem View Investment Pte Ltd., an affiliate of GIC Singapore for setting up a Platform for undertaking Advanced Metering Infrastructure Service Provider (AMISP) concessions.

In this Platform, GIC will hold 74% stake while Genus will hold 26% stake. Both GIC and Genus Power as partners have committed to an initial pipeline with a capital outlay of approximately USD 2 billion. Genus Power would be the exclusive supplier to the Platform, I say exclusive supplier to the platform for smart meters and other associated services.

In addition to this, another affiliate of GIC, Chiswick Investment Pte Ltd. will also make an investment of up to INR519 crores by way of a preferential allotment of warrants at INR112.88 per share warrant. This will constitute 15% of the issued and paid-up share capital of Genus on a fully diluted basis.

The above-mentioned transactions are subject to the approval of Genus shareholders and fulfillment of customary closing conditions to the satisfaction of GIC affiliates.

Broadly, we can say the Platform will act as an AMISP that will be the prime bidder for various smart metering projects awarded by the state electricity boards on DBFOT (Design-Build-Finance-Operate-Transfer) basis..

For all the AMISP projects won by the Platform, it will have an exclusive arrangement with Genus Power as technical partner for the supply, installation and technology provider of smart meters. Approximately 60% of the project value won by the Platform is likely to occur (to be read as accrue) to Genus Power and remaining 40% to the Platform.

Genus Power and GIC will fund the Platform in accordance with their shareholding. The initial investment cap for Genus Power is USD 211 million for 26% stake in the Platform, which will have initial outlay of USD 2 billion, which constitutes a mix of funding via both equity and debt.

The target installation for this Platform is 30 million meters in next 3 to 4 years. The supply of smart meters to the Platform will happen at competitive arm length pricing policy, as Genus Power and the Platform are two separate companies. As Genus Power we will now play the role of smart meters supplier to an AIMSP Platform, the receivable cycle is also expected to witness a sharp decrease.

The AMISP projects, after they are awarded, take about 6 to 9 months to ramp up and pick up pace on ground. So, the revenue will start flowing from the fourth quarter of FY24. We expect to record a record a total top line of about INR1,200 to 1,400 crores in this fiscal year and expect a multi-fold jump in revenue in FY25.

IN addition to this, we have received a letter of award of INR2,207.53 for appointment of Advanced Metering Infrastructure Service Provider (AMISP) including design of AMI system with the supply, installation and commissioning of 27.69 lakh smart prepaid meters, feeder meter, DT meter level energy accounting and FMS of these 27.69 lakh meters which was informed to the exchanges two days, three days back. Post this order inflow, our total order book stands at an excess of INR6,000 crores. So having this Platform and INR6,000 crores order book, we see very good coming years in that. And now I welcome the questions and answers.

Moderator: Thank you very much. The first question is from the line of Mohit Kumar from DAM Capital Advisors. Please go ahead.

Mohit Kumar: Sorry, I'm Mohit Kumar from ICICI Securities. So, my two questions are, first of all, congratulations on a very, very good set of deal. So, my first question is, can you give us a broad sense of investment required for the current AMISP order book? And how much of the AMISP order book will get transferred to the SPV?

Kailash Agarwal: So basically, Mohit, all the orders except the order of Bihar, South Bihar, we won a year back, will not be transferred. Otherwise, all other orders will be executed through this Platform only. The total order book is 6,000 crores, out of that I think 1,000 crores is that Bihar order and whatever the other AMISP orders are there in the company will be executed through the Platform only.

- Mohit Kumar:** Understood sir. Second question sir, you said that we have to invest around \$211 million, right which translates into 1,600 crores. Is there any timeline to bring your investments in the SPV?
- Kailash Agarwal:** So, it will be around 3 to 4 years as we said, as I said earlier also that there will be a total capital outlay of \$2 billion. So, when I say 2 billion dollars, the order book size, the order size of the platform SPV will be around 3.5 billion dollars around say, because we are talking about 30 million meters, 3 crores meters. So, per point if we say broadly 9,000 to 10,000 including the taxes and all. So total order to the platform will be of around 30,000 crores.
- Out of that 60% capital outlay is needed. So, it is approximately it comes to \$2 billion and all. So total capital outlay of the platform will be \$2 billion. Out of that, it will be equity and debt also. So, some equity and some debt. So, equity from Genus is a commitment of \$211 million and that will go in next say 3 to 4 years. As a total, we have a total 30 million meters or 3 crores meters we have to do in 3 to 4 years, so the total equity outlay will be also in 3 to 4 years. So remaining equity in the same proportion of 74% will be coming from GIC and whatever is the balance will come through that.
- Mohit Kumar:** Last question on clarification, in the current order book, when you say AMISP, does it include the O&M part also or is it only supply part of the...
- Kailash Agarwal:** It includes all order, full order, O&M and everything.
- Mohit Kumar:** Understood sir. Thank you and all the best sir, thank you.
- Moderator:** Thank you participants you may press star and one to ask a question. The next question is from the line of Ajay Upadhyay from Yuyu Medimpex. Please go ahead.
- Ajay Upadhyay:** Good afternoon, Kailash bhai and Jitendra bhai.
- Kailash Agarwal:** Good afternoon, Ajayji. How are you?
- Ajay Upadhyay:** Good. How are you?
- Kailash Agarwal:** Good. Good.
- Ajay Upadhyay:** We have positive developments and all the best.
- Kailash Agarwal:** Thank you.
- Ajay Upadhyay:** Okay. I'm a little curious about knowing the 60% that you are saying which will come to Genus. Is it including the 24% of the Platform?
- Kailash Agarwal:** No, no, no. Platform will be a separate entity. That will be a 26% of investment in that. That is separate. Totally separate.
- Ajay Upadhyay:** Okay, that 26% is not part of the 60% that you are talking here.

- Kailash Agarwal:** So, 60% is the business that Platform will give to Genus Power for supplying of meters, for installation of meters, for O&M and everything. Because rest 40% comes to the financing and 10 years management and all.
- Ajay Upadhyay:** Based on the current businesses that you have got say 6,000 crores, so 60% of that will come to you?
- Kailash Agarwal:** Yes, yes, you can say like that.
- Ajay Upadhyay:** And how will the billing come about? Like what will Genus's billing be? You will be billing which company?
- Kailash Agarwal:** We will be billing to the Platform only. The SPVs of the Platform, because it will be not a direct Platform. Platform has to make SPVs, because every tender there is, we have to make SPV. Like this 6,000 crores order also, we have different SPVs formed. So, all those SPVs will come under Platform now. So, we will be billing to those SPVs. Whatever the money will come into the Genus or whatever the agreement will happen, but it will be with the SPVs only. Platform will be owning those SPVs. So, in SPVs, the money will be coming from the Platform and then SPV will be paying money to the Genus Power. So, billing will be in that.
- Ajay Upadhyay:** And the Platform then in turn has to bill somebody, no?
- Kailash Agarwal:** No, no, Platform is just putting the money. The Platform is not doing any business. So basically, a Platform is formed, where 26% is Genus, 74% is GIC. That Platform will be investing money in different SPVs. The business Genus will get will get from those SPVs. So, Genus will be building to those SPVs, getting money from those SPVs and those SPVs will be billing to utilities.
- Ajay Upadhyay:** The SPVs are currently 100% owned by Genus, right?
- Kailash Agarwal:** Yes, correct.
- Ajay Upadhyay:** So, suppose you execute 6,000 crores worth of business, what is the revenue which accrues to Genus, the listed company?
- Kailash Agarwal:** So that will be around 60%. Broadly 60%, you can say - it might go to 55%, sometimes it might come to 65%. Broadly we can say 60%, yes 60% revenue will be coming to the listed company.
- Ajay Upadhyay:** So SPV would be billing 6,000 then?
- Kailash Agarwal:** Yes, yes, yes.
- Ajay Upadhyay:** But SPV is 100% subsidiary, so that will again come back into Genus?
- Kailash Agarwal:** So basically, right now whatever orders we have got, so that model, there will be a restructuring that where there should be no consolidation in Genus balance sheet, because all the investments and everything will be coming from the Platform. And Genus Power will be

acting as a sole supplier to that SPV and all. So, we are already in discussions with our auditors and all whether a consolidation will be required or not. So, if any consolidation will be required, then you are right.

Ajay Upadhyay: Being 100% subsidiary, you have to consolidate. There is no option.

Kailash Agarwal: You are absolutely right, but because the 100% business is being done, routed through that, we are already in discussion with the SRB, our auditors and all. So, whatever they suggest, we have to go like that only.

Ajay Upadhyay: Okay. So, 3,600 is definitely coming in the next two years for genus and maybe more?

Kailash Agarwal: For sure.

Ajay Upadhyay: And this does not include any of the other meter supplies to other people like Tata Power and Techno Electric and others?

Kailash Agarwal: Yes, yes, yes.

Ajay Upadhyay: And would you be using companies like Techno Electric for your execution on the ground? You subcontract it to them and say, okay, you guys handle it because after some time you will be possibly having to run into issues of managing such large geographies and size of orders?

Kailash Agarwal: JK, you can answer it better please. Hello? Yes, JK. JK, we cannot hear you.

Jitendra Agarwal: No, we are not planning anything right now like this. Currently we are focusing on developing our own systems, processes and our own team, which is very well placed on the ground.

Ajay Upadhyay: Basically, I am giving you an idea because maybe if you have say 15,000 crores worth of orders you will possibly run into bandwidth issues and managerial issues. So, you could look at some of these, maybe they are competitors, but they could facilitate actual order execution.

Jitendra Agarwal: See it is a good idea and definitely keep it, we'll keep it open.

Ajay Upadhyay: Yes.

Jitendra Agarwal: Always open for the good ideas.

Ajay Upadhyay: That's the idea I had in mind. And many others will be, because managing that size of order on the ground is, can be really tricky for non-EPC companies and there have been many companies which have run into major hurdles on the ground. So, there is a need for de-risking at that stage, especially when you run into orders beyond INR6,000 crores, INR10,000 crores which you will, because the execution has to be done in a very short span.

Kailash Agarwal: Correct, but that is again a 3-4 years' time, so it's not a very large span also, but it's not a very small also. And you are absolutely right, that, we have to build our capabilities for all these things, there is no doubt in that.

- Moderator:** Thank you. Sorry to interrupt you Mr. Ajay, I'll request to join the queue again for a follow-up question. Next question is from Rahul Modi from Nippon Asset Management. Please go ahead.
- Rahul Modi:** Thank you and congratulations for a great deal. Sir, just a couple of questions. Now, you said INR1,000 crores from Bihar and the total is 6,000. So, 5,000 is the balance. Anything which is an only supply order in the order book, which will also get excluded – so the net transfer would be anywhere 4,000 – 4,500 is that correct?
- Jitendra Agarwal:** I will answer that Kailashji. Exact what will get transferred is 2,200 plus 2,400 exactly 4,600.
- Rahul Modi:** Okay, 22 plus 2,400 out of 6,000, 4,600 gets transferred.
- Jitendra Agarwal:** Yes.
- Rahul Modi:** Right, perfect. And now, obviously, when you're targeting 3 crore meters, so do you need to expand the capacity, which was --I'm saying we have a fungible capacity right now. So, do you need to increase the capacity for manufacturing?
- Jitendra Agarwal:** So currently we are comfortable with that because as I said earlier, we are already comfortably producing 10 to 11 million meters annually and the way we have planned it whenever we need it, we need maximum 3 to 5 months to expand the capacity.
- Rahul Modi:** Right, that's useful and lastly, I just wanted to understand in the AMISP format, what is the typical threshold of IRRs that we are looking at? And if you could just explain how the cash flows come in from the various DISCOMs through the escrow mechanism in terms of year 1 to year 10 or year 1 to year 12. If you can explain that, that would be very useful?
- Kailash Agarwal:** Rahulji, we cannot talk anything on IRRs because already we are participating in tenders. So that's very difficult to comment anything on that. And regarding cash flows, it's a bigger subject. To tell you in this conference call, it is not possible. That can be told to you separately and you can have a discussion separately on that.
- Moderator:** Thank you. Next question is from the line of Devraj Jhunjhunwala from Nepean Capital. Please go ahead.
- Devraj Jhunjhunwala:** Afternoon, gentlemen. I have two questions specifically, one on supply chain issues and second on renewable energy. The first is, is there any plan to handle certain supply chain constraints, for example, semiconductor issues into the import – importing into India and other imports that may be subject to tensions?
- And my second question is, what is the proportion of renewable energy sources or renewable energy transmission that these smart meters will participate in, or is it completely agnostic to the type of energy produced? Thank you.
- Moderator:** We have a line from Mr. Jitendra reconnected. Devraj, may I request you to repeat your question once again, please?

- Devraj Jhunjhunwala:** Sure, sure. So, afternoon, gentlemen, I have two questions. One about supply chain issues, second about renewable energy. On the supply chain point, is there any plan to address – we've already mentioned the production capacity to produce these 30 million meters, but is there any plan to address certain supply chain constraints, for example, semiconductors or any other materials that you may need?
- And secondly, in the platform and the order books that you have currently, is there any proportion that is going to be focused on renewable energy or just agnostic to the energy that is produced and therefore could be both renewable and non-renewable sources? Thank you.
- Jitendra Agarwal:** So, for the question number one, we are closely working with our vendors. The semiconductor issues are more or less over. We are already almost at the levels of pre-COVID. So, I don't see any issues coming up due to supply chain management and especially for the semiconductor reasons. So, we don't see any problems coming in after next three to four months maximum. And for your second question, this Platform is going to focus only on the AMISP projects, very specifically.
- Moderator:** Thank you. Next question is from Srijan Sinha from Future Generali, please go ahead.
- Srijan Sinha:** Sir, I am not clear on the 60% of the revenue flowing through Genus, so this is, so you intend to implement about 3 crores meters, right?
- Kailash Agarwal:** Correct.
- Srijan Sinha:** Ballpark, the total cost would be about 10,000 per meter which means INR30,000 crores of potential order book for the Platform?
- Kailash Agarwal:** Correct.
- Srijan Sinha:** So, 60% of that 30,000 crores flows through Genus or it is just the 15,000 crores which is the upfront capital...
- Kailash Agarwal:** No, 60% of that 30,000 crores will flow through Genus.
- Srijan Sinha:** So, the potential revenue pool is about 18,000 crores?
- Kailash Agarwal:** 18,000. So that's why we are saying a total capital outlay of \$2 billion because out of that 18, after 6 months from every project, the cash flow starts coming to the Platform also. So, the total capital outlay of Platform will be \$2 billion.
- Srijan Sinha:** Okay so which means the total revenue potential for next three to four years is about INR18,000 crores?
- Kailash Agarwal:** INR18,000 crores for the Genus and the outlay of the capital will be around INR16,000 crores.
- Srijan Sinha:** Okay, and this INR18,000 crores includes the meter manufacturing plus O&M and installation as well?

- Kailash Agarwal:** Yes.
- Srijan Sinha:** Okay, so my second question is, as investors, we are always worried about the extended payment cycles in the AMISP. That would have stressed your balance sheet. Now, that has been taken care of. Now, can you help us understand a bit about the payment terms with the Platform? How soon do you get your money back from the Platform? And what would be the typical working cycle like?
- Kailash Agarwal:** So basically, once we have completed whatever the requirement from the utility is there, so once we have completed that, there will be a payment in terms of 30 to 45 days, depending on tender to tender from the Platforms. Exactly it will be a different EPC contract - for every contract or every EPC, there will be a separate contract with the Platform that will be signed from time to time. Whenever the contract comes or the concession comes there will be a EPC contract signed between the Platform and the Genus and in that there will be a variance from 30 to 45 days for payment terms and all.
- Srijan Sinha:** So simplistically, the day you manufacture your meter, and you ship it, you get your payments back in 45 days? Is what you're saying?
- Kailash Agarwal:** No. Basically, once I ship the meter, then install the meter. Then I get a certificate from the utility for that. And then it starts.
- Srijan Sinha:** Okay. Fair enough. Now, this becomes a very asset light model for Genus the listed entity. All the leverage goes into the platform, right, which becomes an associate for company for us. So, what would be the peak debt that you are looking at for the listed entity?
- Kailash Agarwal:** So basically, right now, in this particular financial year, we have taken a loan from DFC (Development Finance Corporation) which we have already announced of 50 million and that is going for the Bihar project which I was telling that it is not a part of the platform. So basically, that is taken for that project only and I don't think there will be further any raise in debt at least in this financial year and there might be some raising in next coming years, but that will also not be too much, not to a very high levels.
- Because already we have come in asset light model and our working capital cycle will also reduce to a good number. So, I don't think there will be a big debt required by the company. And again, that this, the warrants, the money of warrant is also coming to the company.
- Srijan Sinha:** Yes, about INR500 odd crores. So, \$211 million that you have to pay a ballpark about INR1,500 crores, INR1,600 crores. The INR500 crores is taken care of by the warrant money that comes in. Rest INR1,000 crores you intend to raise debt to fund that INR1,000 crores investment or would we would it be done through internal...
- Kailash Agarwal:** No, no, basically, it can be through internal accruals also and company is already sitting on bonds or treasuries of almost INR250 crores to INR300 crores, so that is a cash surplus with the company. Then there will be internal accruals also in next 3 years or 4 years and then if required for a few INR100 crores we can go for the debt also.

- Srijan Sinha:** Okay. And so, one more question is on, do we intend to bid separately as well, or the entire bidding will be done through platform only?
- Kailash Agarwal:** It will be through platform only. If platform doesn't want to bid for any particular thing,, we can bid it directly.
- Srijan Sinha:** Okay, fair enough. Sir, my final question is there are two other L1 status that we have. One is I think in UP and another is in Himachal Pradesh. How soon do you think that will transform into your order book? And will that also be a part of the platform?
- Kailash Agarwal:** Srijan that we will talk later. This is purely for GIC things and all. This can be discussed later.
- Moderator:** Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities, please go ahead.
- Nikhil Abhyankar:** Sir, thank you sir. Can you give us the break-up of the order book in terms of supply and O&M?
- Kailash Agarwal:** So, basically the total order book, 60% is the supply installation and other things and 40% is the O&M normally.
- Nikhil Abhyankar:** And sir what is the duration of these O&M contracts? How long do we have to serve them?
- Kailash Agarwal:** Normally 100 months.
- Nikhil Abhyankar:** 100 months. This question has been asked earlier as well. So, any changes in terms of guidance for FY '25 because all these order inflows will start coming in and you have also mentioned that most of the orders will take around 6 to 9 months to mature and we have got a large order in terms of L1. So, all these L1 orders will start getting executed in FY '25. So, can we expect large increase in revenues for FY '25?
- Kailash Agarwal:** In my initial remarks I have already told that for '24 we are looking at a number around INR1,200 crores to INR1,400 crores. It will be a multifold jump for '25 for sure. But right now, exact number I don't want to give, we'll try to give in the next conference.
- Nikhil Abhyankar:** Sure, and sir you also mentioned that to increase the capacity you might need somewhere around 5 to 6 months. So, what kind of capex will we need and what kind of capacity expansion will we take up if at all we do?
- Kailash Agarwal:** So, for a 10 million meter expansion we will be needing around INR50 crores.
- Moderator:** Thank you. Next question is from the line of Tushar Sarda from Athena Investment Group. Please go ahead.
- Tushar Sarda:** Yes, congratulations on this tie-up with GIC. I wanted to understand, will you be supplying meters for other AMISP winners, or you will supply exclusively only to this platform?
- Kailash Agarwal:** JK, you please answer this.

- Jitendra Agarwal:** No, we will supply to other AMISP players also.
- Tushar Sarda:** Okay.
- Kailash Agarwal:** We can supply to anybody, any AMISP. There is no restriction on that.
- Tushar Sarda:** And how is the competitive intensity in the AMISP business? Who are the other players and what market share are you targeting?
- Jitendra Agarwal:** The competition intensity is, I won't say is very high, but it is good enough. And there are some large corporates like Adani, Monte Carlo, NCC, GMR, they are active in the market.
- Tushar Sarda:** Okay. And tenders are only for AMISP, right? There are no separate tenders for smart meters?
- Jitendra Agarwal:** It's a complete package as AMISP.
- Tushar Sarda:** Thank you, sir, and all the best and we look forward to your guidance for FY '25.
- Jitendra Agarwal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Jayesh Gandhi from Harshad H Gandhi Securities Pvt Ltd. Please go ahead.
- Jayesh Gandhi:** Congratulations on the deal, sir.
- Kailash Agarwal:** Thank you.
- Jayesh Gandhi:** So, my question is, though we will not be giving any IRR percentage on bidding for a particular tender. Let's say for example, if we are ideally getting say, 12%, so what percent will now be coming to Genus listed and the Platform?
- Kailash Agarwal:** So that is very difficult to give. I can only say that Genus as told earlier also is giving a guidance of healthy EBITDA numbers. And whatever we have achieved before COVID like 15%, 16% of EBITDA levels, we are looking at these type of numbers in Genus. The listed entity.
- Jayesh Gandhi:** Platform basically is now just a financing entity, if I am reading it correct, right?
- Kailash Agarwal:** So basically, exactly you cannot say that, because only 60% of the revenue is coming here, remaining revenue is going there. So, all finance will be arranged from the Platform. You cannot say that it is only a financing company.
- Jayesh Gandhi:** I get it.
- Kailash Agarwal:** So, it is taking a business, it is doing a business, it will be a proper business in the Platform through the SPVs.

- Jayesh Gandhi:** Okay. And to the earlier caller's question, See if you are entertaining other guys also who bidding for AMISP through our Platform, so manufacturing in those cases will go to Genus or it will go to some other company?
- Kailash Agarwal:** No, we are not entertaining anybody from the Platform. The meter supplier to other AMISP will be directly through Genus, the listed company. Platform has nothing to do with others. It will participate exclusively, and exclusive business will come to Genus. If Genus wants to supply to other AMISP the meters, they can. They are allowed to supply.
- Jayesh Gandhi:** Okay. And when you said that you will probably receive the payment from the platform between say, 35 days to 45 days. So that would be kind of like a working capital which we can think?
- Kailash Agarwal:** So basically, it's nothing of working capital. Whatever we have supplied to the platform or to the SPVs, they will pay us for that. Whatever the services we have provided, they will be paying us for that.
- Jayesh Gandhi:** Okay. So why I'm saying is, because your debtor days are like closer to like 200 days-plus in last so many, I mean last four, five years. So now will that come down?
- Kailash Agarwal:** Yes, surely it will come down. Yes, it will come down surely.
- Jayesh Gandhi:** And that will be 35 days to 45 days?
- Kailash Agarwal:** Exact numbers, it's difficult to give. The working capital cycle will reduce for sure.
- Jayesh Gandhi:** Okay. That's all from my side. And best of luck, sir.
- Kailash Agarwal:** Thank you.
- Moderator:** Thank you. Next question is from the line of Chandresh Malpani from Niveshaay Investment. Please go ahead.
- Chandresh Malpani:** Yes, thank you for the opportunity, sir. So basically, now in this model as we are moving from O&M to just supply of meters, so what is your outlook on margins front? Do you want to revisit your guidance?
- Kailash Agarwal:** Yes, we don't want to revisit. We have a -- in last question only I've given our guidance on the margins and all.
- Chandresh Malpani:** So, 15% kind of margins you have guided.
- Kailash Agarwal:** EBITDA levels.
- Chandresh Malpani:** Yes. Okay. Sir and secondly, what are the current tenders level like government or what have been awarded by on the on total levels?

- Kailash Agarwal:** So basically, this is for a GIC conference, that can be answered in next conference call please. So let us stick to this transaction that has happened yesterday in this conference.
- Chandresh Malpani:** Okay. Sir, lastly one thing that you said INR6,000 crores is the business value and out of it 60% goes to Genus and rightly to assume that whatever that platform makes that level 26% also again flows to Genus, right?
- Kailash Agarwal:** Yes, because Genus is a 26% partner there.
- Chandresh Malpani:** And who will be like running, the Genus team will be the one who will be running the Platform right?
- Kailash Agarwal:** No. Basically, it will be the majority partner is GIC, so they will run the Platform.
- Chandresh Malpani:** Okay, so like on the ground level, like to do O&M, that will be a new build, or like Genus already have the capability?
- Kailash Agarwal:** Genus has the capability, and we are extending that capability.
- Chandresh Malpani:** Okay, thank you, sir.
- Moderator:** Thank you. Next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.
- Dhaval Shah:** Yes, hi. I joined the call a little bit late. So, could repeat, mentioned INR18,000 crores of revenue will flow to Genus Power over the next three, four years, is it correct?
- Kailash Agarwal:** Yes, it is correct.
- Dhaval Shah:** Okay. And on that INR18,000 crores, we make the EBITDA which you have guided.
- Kailash Agarwal:** Yes.
- Dhaval Shah:** Okay. And we will need around INR1,500 crores of investment for this entire project execution?
- Kailash Agarwal:** Correct.
- Dhaval Shah:** Okay. And sir, this entire -- so it's a project where you have to -- the fitting of the meter and the maintenance and all of that work will also be done by us or who will take care of that work?
- Kailash Agarwal:** Yes, most of the work will be done by us.
- Dhaval Shah:** It will be done by Genus. Okay, thank you sir. Yes.
- Moderator:** Thank you. Next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

- Nikhil Jain:** Yes, thank you for the opportunity. And congratulations on the deal. Just one question. So, we will be actually going ahead and doing our regular business. So, this AMISP would be an additional main business, but the supply of gas meters, the supply of smart meters, or the conventional meters, that will continue from the listed entity as per the current business, right?
- Kailash Agarwal:** Right.
- Nikhil Jain:** Okay. And once we go ahead and we are -- okay. So, everything else is good. Thank you.
- Moderator:** Thank you. Next question is from the line of Raj Rishi from DCPL. Please go ahead.
- Raj Rishi:** Yes, hi. By what percentage your working capital needs will reduce after this new structure?
- Kailash Agarwal:** So basically, the total working capital cycle right now is approximately 250 days or even more in some cases because of the debtor days so high. So, it may reduce to 60% from this number or 65% from this number.
- Raj Rishi:** It is reduced by 60%?
- Kailash Agarwal:** To reduce to 60%.
- Raj Rishi:** Around 40% reduction will happen?
- Kailash Agarwal:** Can happen, yes.
- Raj Rishi:** Okay. And Mr. Agarwal, another thing, any adjacencies you are looking at or you think enough business is there from this Platform to take care of the growth aspect?
- Kailash Agarwal:** I think, there will be enough business from the Platform itself and then we are free to supply to other AMISPs also and we are in our regular business also. So, I don't think, there is any challenge to the numbers we want to achieve.
- Raj Rishi:** So as of now, what's your aspiration and possibility that next three years, four years, other than the Platform, what percentage can be garnered other than the Platform?
- Kailash Agarwal:** So basically, right now, I think the INR18,000 crores itself is a big number, so let us work on that and then whatever the additional will be there, let us let us have to work on that and we will come back to you in later conferences and all.
- Raj Rishi:** Okay, thanks a lot.
- Moderator:** Thank you. Next question is from the line of Vineet Gala from Xylem Investments. Please go ahead.
- Vineet Gala:** Thank you sir. Sir, what could be the O&M opportunity in these orders? You mentioned 100 months of O&M. So how do we charge the Platform, like, will it be per meter basis? So how does this revenue flow in and what could be the kind of margins that we do on these O&M billing?

- Kailash Agarwal:** So, it will be per meter per month basis for the total cycle and regarding the margins, I have already told you it will be a consolidated margin for the company which I am giving you a guidance of 15% EBITDA. It includes the total work that Genus will do for the SPVs.
- Vineet Gala:** And sir, like what would be that number per meter per month basis?
- Kailash Agarwal:** That depends. That will be different for every tender and all.
- Vineet Gala:** On a ballpark basis?
- Kailash Agarwal:** Well, it is difficult to say.
- Vineet Gala:** Okay, fair enough. Thank you.
- Moderator:** Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead
- Sunil Jain:** Yes, thanks for taking my question. Sir, can you explain how the Platform will or SPV will get the payment from DISCOM?
- Kailash Agarwal:** So basically that's an escrow account mechanism, where the utility will be, and the Platform will be making a escrow account. And the money, from all the meter consumers will be coming to that escrow account and first submitted to the Platform or SPVs then going to the utility.
- Sunil Jain:** So, whatever the investment, which the Platform will be making, there the return will be coming based on that escrow account.
- Kailash Agarwal:** I could not understand your question.
- Sunil Jain:** Yes. So, whatever the investment which Platform or SPV is making of all these meter and all. So there the return will be generated over a period of say 10 years or 12 years from these escrow accounts.
- Kailash Agarwal:** So, whatever is the size of order, the whole money will be coming through those escrow accounts in the next, say, 10 years. The order size is INR1,000 crores for the one single project. So that INR1,000 crores will be coming to the SPV or platform through that in 100 months through that escrow account.
- Sunil Jain:** Okay. And for your payment from Genus -- for Genus you will get a payment from SPV based on initial conditions of..
- Kailash Agarwal:** Correct. So, whatever the capital outlay, we are saying that is that is the money that is coming to Genus as the money from utility will come in 100 months.
- Sunil Jain:** Okay, clear sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Vishal Agrawal from Leo Capital Advisors. Please go ahead.

- Vishal Agrawal:** Thanks for the opportunity. So, on the order that the Platform gets, you are saying that the money will come to Genus immediately and the Platform recovers it over 100 months from the utility, is that correct?
- Kailash Agarwal:** Yes.
- Vishal Agrawal:** And typically, here, is the Platform more like a financing SPV? What sort of returns would be left in the financing entity there?
- Kailash Agarwal:** So basically, it is not a financing thing, anything. They will be doing a business. Whatever is left, we don't know. Because they will be bidding, they will be taking the business, they will be giving back business to us for meter and installation and supply and all. So basically, that will be their decision that what they want to keep, what IRR or whatever the returns they want to keep. Genus, the listed company has nothing to do with that. That will be solely their discretion on that.
- Genus will get payments on their terms or whatever the rates they have quoted and after that at what rate Platform is getting the business, SPV is getting the business, what IRR they are making, what profits they will keep, that is up to them only.
- Vishal Agrawal:** Got it. And this INR18,000 crores will come from the Platform to Genus over the next three years to four years?
- Kailash Agarwal:** Yes, through SPVs, through different SPVs of Platform.
- Vishal Agrawal:** Okay. And it will come over the next three years to four years, INR18,000 crores?
- Kailash Agarwal:** Yes.
- Vishal Agrawal:** And in addition to that, Genus will separately have orders that it fulfills for other winning bidders, and will it also bid separately other than the SPV as well?
- Jitendra Agarwal:** You need to understand one thing here, there will be a lot of O&M work also included in this.
- Vishal Agrawal:** Yes.
- Jitendra Agarwal:** So, it is not like that in three years to four years, this INR18,000 crores is fully billable.
- Kailash Agarwal:** So, most of the part will be billable, JK.
- Vishal Agrawal:** Got it. Most of it will come in three years to four years...
- Kailash Agarwal:** That's why we are saying a capital outlay of 2 billion, we are not saying a capital outlay of INR18,000 crores.
- Vishal Agrawal:** Got it. And but in addition to this INR18,000 crores that comes in by the Platform, will the rest of the business of Genus -- will Genus continue to bid independently also, or all the bidding will now be through the Platform only?

- Kailash Agarwal:** It will be through the Platform only.
- Vishal Agrawal:** So, in addition to the platform, will Genus be doing any other business for other service providers?
- Jitendra Agarwal:** Genus will be supplying meters to all the service providers. Whatever the business we are doing currently, that continues to be done the way we are doing right now.
- Vishal Agrawal:** And what would be the outlook for that business which you are doing currently?
- Jitendra Agarwal:** So, it will be, it depends on the -- currently, we don't want to give any outlook on that, but yes that market is also very much open for us.
- Vishal Agrawal:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Bharat from Manthan Research and Advisory. Please go ahead.
- Bharat:** Yes, I have just one quick question. I heard on the call that management mentioning that GIC will be running the JV platform. I assume these are orders, sovereign orders that we will be applying for. So, I assume, Genus will also be part of it, as in the operational part?
- Kailash Agarwal:** Yes. We are a 26% partner to that.
- Bharat:** No, as in I am talking about being part of the, not in terms of ownership, but being part of the...
- Kailash Agarwal:** Part of management decisions also. Because we are a partner so, we will be also there for the -- because being they are the majority partners, so their majority decisions will be there, minority will be ours. So how it works like a partners works, it will work like that.
- Bharat:** Thank you.
- Moderator:** Thank you. Next question is from the line of Devang Patel from Sameeksha Capital. Please go ahead.
- Devang Patel:** Hi, sir. You mentioned earlier that the Platform will decide what tenders to bid for and what IRR. How do we -- how does Genus decide that the pricing for supplies? We are the exclusive supplier, but is the pricing pre-supplied to them before the bid?
- Kailash Agarwal:** No. Basically, we will decide a price, what price we want to give, that certainly we will give them before the bid, and then they will decide on what mark-up they have to put on that prices.
- Devang Patel:** Understood, sir. Secondly, you mentioned some FY '24, INR1,200 crores to INR1,500 crores revenue target. That would represent how much capacity utilization for us? And when do you think we need, we will need to double capacity, as you mentioned, it will take five months, six months?

- Kailash Agarwal:** So, I don't think very immediate we need to do any capacity expansion and all. And it depends on how fast we get the business. And accordingly, we can take a decision of expanding the capacity. Because it is a very short term to expand the capacity and all.
- Devang Patel:** At what capacity utilization level are we operating today?
- Kailash Agarwal:** I think, we are operating at a level of almost 40%, 50% right.
- Devang Patel:** And what would be our average realization today be per meter?
- Kailash Agarwal:** Sorry, we have to check it. Because we are prepared only for this GIC thing and all. So, these questions can be taken in the next conference call, when there will be a results conference and all.
- Devang Patel:** Okay, just a small clarification you mentioned, roughly INR10,000 per meter, of that 60% is what will come to us.
- Kailash Agarwal:** That is 6,000.
- Devang Patel:** 6,000, that would be our supply portion, supply -erection.
- Jitendra Agarwal:** That INR10,000 crores is including of taxes.
- Kailash Agarwal:** Taxes also, yes.
- Jitendra Agarwal:** People should not get confused because when we say, revenue it is net of taxes and this INR10,000 crores is including the taxes.
- Kailash Agarwal:** Including the taxes. Correct.
- Devang Patel:** Yes. And the 6,000 will include supply of meters, erection and initial O&M?
- Kailash Agarwal:** Yes.
- Jitendra Agarwal:** And it includes the O&M for the remaining period also.
- Kailash Agarwal:** And taxes also.
- Jitendra Agarwal:** And taxes also.
- Devang Patel:** Okay. Understood, sir. Thank you so much.
- Moderator:** Thank you. Next follow-up question is from the line of Tushar Sarda from Athena Investment. Please go ahead.
- Tushar Sarda:** Yes, I wanted to ask you, this INR2,200 crores order that we have, is it from a single DISCOM or is it multiple order?
- Jitendra Agarwal:** It is from a single DISCOM from Chhattisgarh.

- Tushar Sarda:** Okay. And in this AMISP, is there any central government support or these are tenders by DISCOMs without any central support?
- Jitendra Agarwal:** Most of the projects of AMISP are under RDSS, which is central government support.
- Tushar Sarda:** Okay. And how many companies are qualified to supply meters for this digital meter kind of thing? I know about you and HPL. Are there any other companies?
- Jitendra Agarwal:** There are many other also like Secure Meter, Schneider, there are many manufacturers.
- Tushar Sarda:** Okay, thank you sir.
- Moderator:** Thank you. Next question is from the line of Gunjan Kabra from Niveshaay Investment. Please go ahead.
- Gunjan Kabra:** Sir, thank you for the opportunity and a part of the question you have already answered but I still wanted a little clarity in, you know, the execution of the EPC projects, how will it happen in the GIC in the new Platform? Because I think, we have a 26% ownership and whereas GIC has the majority. So, because I think, I guess, they are not from this background and we are a little, you know, more experienced in this. So how much involvement in EPC side would be there from us to, because timely execution I think in the EPC project is much more important.
- So how will the execution happen? How much will be our involvement in the business or will the majority part will be executed by them only. So just wanted some understanding on the execution part, how will that happen?
- Kailash Agarwal:** So, majority part will be done by Genus. Genus will have a full say in EPC because we have experience and GIC don't have any experience, or the Platform don't have any experience on that. So basically, it will be done by Genus.
- Gunjan Kabra:** Okay. So, the management and the team will be entirely by Genus, is the understanding correct?
- Kailash Agarwal:** It will be a mix. They will also have their team and we will also have our team. So, when EPC side, it will be our team mainly and managing the total Platform and other things, it will be their team or the joint team.
- Gunjan Kabra:** Okay, got it. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.
- Nikhil Jain:** Thank you for the opportunity again. So just a broad question. So, the government actually was saying about 250 million smart meters to be installed in this project. Against, that we are targeting around 30 million smart meters. So, it is basically roughly a market share of around 12%. Historically, I think, we have maintained a market share of roughly around 20% to 25%, in fact, higher than 25% in supply of meters. So, do you think that it may be hypothetically

possible that the opportunity can be larger than 30 million meters, if the government is staying with 250 million meters plan?

Jitendra Agarwal: You want me to take this up?

Kailash Agarwal: Yes, JK, you take it, please.

Jitendra Agarwal: You have to understand when we say, 25% market share, that was purely for the supplies. Here, we are talking about the AMISP projects. So, in the AMISP projects, there will be a different market share. So, when it comes to overall supplies, because we will be working closely with the other system integrators also. So, there will be a different market share. So that is how you will have to bifurcate two of them.

Nikhil Jain: Right. So basically, let's say, so can we actually then say it this way that let's say around 12% market share from our own AMISP, right? And which we have the stake. And then maybe another 8% to 10% coming in from other system integrators. So that may be a possibility, right? Obviously, nothing is, yes.

Jitendra Agarwal: That may be a possibility, yes.

Nikhil Jain: All right, okay, fine. Thank you. Thanks a lot.

Kailash Agarwal: I think, we can take a last question. Parin.

Moderator: Sure, thank you. Next question is from the line of Jayesh Gandhi, from Harshad H Gandhi Securities Pvt Ltd.. Please go ahead.

Jayesh Gandhi: So, if I heard you correct, you said that you are currently in Genus, you are working at 40% to 50% of capacity utilization. So, can we assume that at 100% utilization, you might be doing closer to like INR2,000 crores of revenue?

Kailash Agarwal: No, basically that capacity is only for meter manufacturing. Now the company is talking about AMISP, where other services will be there. So, whenever we talk about capacities, it is only for the meter manufacturing. When I say, our capacity is 10 million meters, it is for the meter manufacturing only, not for the other services. So that will, now the AMISP will include a lot of other services also, the software, the installation, the O&M, many other, communication, so many things.

Jayesh Gandhi: Okay. So, can I say that AMISP is much more asset lighter than just the metering business?

Kailash Agarwal: Yes, absolutely.

Jayesh Gandhi: And the asset turns would be far more higher?

Kailash Agarwal: Yes, that is why I am saying that working capital will be reduced. So, the turnover will be absolutely higher.

Jayesh Gandhi: So, you mean to say that we might not be requiring then further capexes?

- Kailash Agarwal:** Only capex will be required if we have to increase the capacities...manufacturing capacity.
- Jayesh Gandhi:** Okay. Have you done any calculation in that? How much time, how much are you going to spend?
- Kailash Agarwal:** I have answered that for 10 million meters, we will be needing around INR50 crores.
- Jayesh Gandhi:** That is it. Okay. Thank you. Thank you very much. That's all from my side.
- Moderator:** Thank you. I now hand the conference over to Mr. Kailash Agarwal for closing comments.
- Kailash Agarwal:** So, thank you ladies and gentlemen. We are delighted to have a long-term investor like GIC choosing Genus Power as its exclusive partner in the sector. GIC investment attests to the strong prospects of smart metering space, our manufacturing capacities and execution track record. I thank you all for taking the questions and I assure you all that the company will be doing very good in coming times. Thank you all.
- Jitendra Agarwal:** Thank you everybody. Take care.
- Kailash Agarwal:** Thank you.
- Moderator:** Thank you very much. On behalf of Genus Power Infrastructure Limited, that concludes this conference. Thank you for joining us, you may now disconnect.