



“Genus Power Infrastructures Limited
Q4 FY24 Earnings Conference Call”

May 30, 2024

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**MANAGEMENT: MR. JITENDRA AGARWAL – JOINT MANAGING
DIRECTOR**

Moderator:

Ladies and gentlemen, good day, and welcome to Genus Power Infrastructures Limited Q4 FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero 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. Today, Mr. Kailash Agarwal is unable to join us due some medical exigency. So he's busy in Delhi. With me in the call is our SGA, our Investor Relations Advisor. The results and investor presentation are already uploaded on the stock exchange and company website. I hope everybody has a chance to look at it.

Since July 2023, our company has consistently achieved remarkable success securing series of prestigious orders. Orders exceeding will be INR 16,000 crores net of taxes are for the installation of more than 1.82 crores in smart prepaid meters, this is the trust and confidence demonstrated by our clients is a strong testament to our dependability of our cutting-edge smart metering solutions.

Our total order book, including all SPVs and GIC platform has surpassed INR 21,000 crores on date, indicating a promising outlook for future revenue growth. It is important to understand that the start of these orders typically requires a minimum of 6 to 9 months from the time the order is received. This is due to extensive formalities that must be completed before starting these projects.

Thus, we expect a revenue surge starting from financial year '25, driven by the execution of our good order book. Operating profit margins are also expected to improve as operating leverage kicks in along with the realization of economical scale and continued cost management efforts. All these orders generally have execution cycle of 24 to 27 months, it provides a good visibility in the coming years.

Coming to quarterly results, revenue stood at INR420.1 crores, up by 108% as against quarter 4 financial year '23 revenue of INR202.3 crores. The robust order execution and ongoing expansion of the smart metering business is driving the growth. EBITDA stood at INR65.4 crores, up by 104% as against quarter 4 financial year '23.

We have noticed the significant rise in employee costs and other expenses due to our ongoing efforts to expand our workforce and enhance our systems. This is in anticipation of meeting the substantial order book we have acquired. PAT stands at INR31.4 crores for Q4 financial

year '24, an increase of 151% as compared to INR12.5 crores in Q4 financial year '23. However, the company's profitability in Q4 was impacted as a result of a substantial rise in financing expenses.

This was a direct consequence of the company's requirement to offer supplementary bank guarantees in order to ensure the influx of orders. According to our evaluation, we expect a significant surge in our revenue from financial year '25 onwards. This will be driven by a strong performance of our order book and a steady flow of new orders.

We expect to record total revenue of about INR2,500 crores in financial year '25. With the operating leverage kicking in, we also expect our operating margin to significantly improve. We maintained a very positive outlook regarding the substantial enhancement of our business operation in this financial year. We can now open the line for Q&A.

Moderator: Our first question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Yes. Good evening Sir, congratulations on a very good set of numbers. So my first question is, what is the status of go-to-live status of the existing order book. And can you help us with revenue and margin guidance for FY '25?

Jitendra Agarwal: Status of go-to-live is different for all the different projects, every project is at a different stage. So it is very difficult for me to specifically tell you as a whole, where are we, because we are very much within the timelines of the project. As I said earlier, most of the project takes minimum to 6 to 9 months to come on to the ground. In almost every project what we have secured currently, they're already on the ground. And -- most of the projects, the work also started. So every project is in a different stage currently. And as I told earlier also that guideline for this financial year, but we have given is INR2,500 crores.

Mohit Kumar: And for the, margin guidance, sir?

Jitendra Agarwal: 15% to 16% EBITDA.

Mohit Kumar: Understood, sir. The second question is, can you please help us with the opportunity size upcoming where the tenders are yet to be opened. And the related question is, will GIC help to bid for more than INR3 billion work order of contract value?

Jitendra Agarwal: So there is no restriction from GIC, that we cannot bid more than this value. So that was the minimum criteria we built out between us, but that is not the limit. The projects which are upcoming although there are a lot of tenders which are under the different states, different status. Few are already open where we are L1 through we have quoted this title will be known in three months, soon will be quoted in the next couple of months. So even in this financial year, we expect a good incoming of order flow.

Mohit Kumar: Is it possible to quantify the L1 status, sir,?

Jitendra Agarwal: Currently, we have L1 in projects -- but exact number, will be around INR11,000 crores.

Mohit Kumar: Understood, sir. The last question is, what are the execution challenges? And I assume that given that you're ramping up. We do need to hire people, right, to build those capabilities to execute this large order book. Can you just elaborate on it, what we are doing to ensure that we are on time and we appear within the cost?

Jitendra Agarwal: The good thing is we are doing what we understand it very well. So this is a metering business, which we understand. And this is not the first time yes, the scale has been much larger than what we have done it in the past. But the good part is we understand what we are doing. And we are building, of course, as I said earlier, also, there's a lot of cost that has increased in terms of manpower, in terms of building the capability in the field, in-house, headquarters. So a lot of investment has been in the last 12 to 24 months, which is visible in our salary expenses also.

So currently, as such, we are not seeing any unrealistic challenge in the field, which is a very good sign. Almost 11 million, 12 million smart meters are installed in the country. In country, in general, the acceptance by the public by the utilities is very, very good. Rather what we initially thought there will be some challenges, but we are working in Assam, we are working in Bihar. These are the two states where we are working very extensively.

If you see the economic status of these two states, we are one of them in the lower side, still the acceptance has been very, very good. This is a very clear indication that acceptance of the smart meter is good, in general unrealistic challenges are not visible in the field. So I'm expecting a very good run rate picking up from this financial year onwards.

Mohit Kumar: Understood. Thank you and all the best. Thank you.

Jitendra Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Darshil Pandya from FINTEREST CAPITAL. Please go ahead.

Darshil Pandya: Congratulations on this great set of numbers and we really would like to congratulate the management for delivering on the commitments. Sir, number one question would be on the tax guidance. You guided last year -- last quarter about 25% is the new tax regime. But since even this quarter, we have seen more than 25% of the rate. So what is the tax guidance? And what is happening in this, if you can just quantify?

Jitendra Agarwal: So since Mr. Kailash Agarwal is not on the call. And I'm generally not very quick to answer you on this. We'll make a note of this question and make sure SGA will come back to you with that.

Darshil Pandya: Okay. No worries on that. And sir, would it be a great question, if I could ask you, what is the rationale behind incorporating so many companies -- we have been seeing Genus Power incorporating a lot of subsidiaries. What is the rationale behind it?

Jitendra Agarwal: So this is how the bidding is to be done. If you see the SBD, this is how the bidding needs to be done, that you have to create every -- it has to be a separate SPV. That is the only reason. And there's no other rationale behind it.

- Darshil Pandya:** Okay. Just for the bidding prospect, we are doing this?
- Jitendra Agarwal:** For the bidding prospect yes. So this is all we point different companies can have only one SPV and they can bid in that SPV all the projects. We have taken the route of different SPVs for different projects. That is the only reason behind it. But once you execute -- start executing order every SPVs has to be separate. So we are doing it during the bid itself in most of the cases.
- Darshil Pandya:** And sir, what will be the debt cost for this financial year and debt position as on date?
- Jitendra Agarwal:** So again, I would like this question to be answered later on my Mr. Kailash Agarwal.
- Darshil Pandya:** Okay. And sir, any guidance for FY '26 or FY '27?
- Jitendra Agarwal:** So I'm very positive on FY '25. FY '26 also will be definitely much better than '25, but I don't want to spell any numbers so early. But yes maybe three, four months or six months down the line will give you a guidance on that also. It will definitely much better than what we will do this year.
- Darshil Pandya:** Okay, fantastic. I'll get back in the queue. Thank you so much.
- Jitendra Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pratik Jain from Solidarity Investment Managers. .Please go ahead.
- Pratik Jain** Sir, thanks for the opportunity. Sir can you tell me with the number -- what is the system-wide meters installed in India and as of today and what is the target? What is your expectation that it can get installed by the next year? That's my first question, sir.
- Jitendra Agarwal:** So currently, I can't give you an exact number, but roughly what I understand from the market intelligence almost 11 million meters are installed smart meters are installed in India over the period of, I would say, six - seven years when the journey started, which has picked up primarily in the last two years only. In this financial year, I personally believe that at least 60 million to 70 million smart meters will be installed.
- Pratik Jain** Okay. Got it. And also the government has set a target of 25 installing 25 crores smart meters. What is your realistic assumption that by when it can happen?
- Jitendra Agarwal:** My realistic assumption will be it will happen in next four to five years.
- Pratik Jain** Got it. And sir, one more question on the smart meter side. We have been hearing that the smart meters are being currently imported from China. Can you help me understand what percent of smart meters installed in India are imported from China? And what is the cost difference there?
- Jitendra Agarwal:** Currently, not a single meter is being imported from China. As far as I understand this industry. If I have to put any percentage in the historical data maybe 0.05%.

- Moderator:** Thank you. The next question is from the line of Akash Vashishth from Future Generali India Life Insurance. Please go ahead.
- Akash Vashishth:** Congratulations on a good set of numbers. So my first question to you is, so our other expenses this quarter have gone up about INR30-odd crores sequentially. So I just wanted to understand what will be the trajectory going forward?
- Jitendra Agarwal:** So all these expenses are during my commentary also made it very clear that lot of investment is happening in building up the projects initial investments are generally very high. In terms of man power, people, offices, other expenses. So a lot of expenses are happened initially not many projects are going to start in next 2 to 3 quarters. So these expenses will continue. And once we'll start getting the revenue they will get compensated.
- Akash Vashishth:** Can we assume that the current run rate of about INR75 crores - INR80-odd crores, which we have of other expenses which you have done this quarter is going to roughly remain in the same range. It's not going to increase incrementally going forward from here?
- Jitendra Agarwal:** I would say, yes to a very large extent. Yes.
- Akash Vashishth:** Okay. And my second question is that, so we have done an EBITDA margin of around 13-odd percent this quarter. But if I see the segmental reporting, the EBIT margin in the metering business is roughly around 16-odd percent. So just wanted to understand what has been a drag on the consol number? So I'm not able to figure out the math behind it.
- Jitendra Agarwal:** As you see there's a lot of investment happening on the ground for the project. Currently there is a metering business. And then there are projects being handled simultaneously. So a lot of these things will become common once you will see projects happening continuously in future.
- Akash Vashishth:** Okay. And my last question is, which major states, if you can help us guide which major states are left, which are expected to place order in the near term?
- Jitendra Agarwal:** I think the major state which are still not went into the smart meters are Tamil Nadu, Karnataka, Rajasthan, Haryana, Punjab these are the major states which are still not -- some have already come out with the tenders or some have already on the process of -- but they have not started the journey. So these are the major states, which has not started the journey.
- Moderator:** Thank you. The next question is from the line of Chandresh Malpani from Niveshaay Investment Advisors. Please go ahead.
- Chandresh Malpani:** Congratulations on this good set of execution. Sir, my first question pertains to the execution on ground level. What I understand is that Genus sells to its platform the majority of it's meters. So trying to understand what is the execution on ground because of our receivables? Has that March ending is like close to INR580 crores which is more than this quarter's sales. So trying to understand if this -- if the platform is able to execute and receive receivables on their side. So how is it happening on ground?

Jitendra Agarwal: So the receivable consists of the meters that we supply to the electricity boards, which we have been doing in the past and platform has to do nothing. All the EPC contract on back-to-back basis are given back to the Genus Power. So there is no execution which has to happen, which has to be done by the platform.

Everything has to be done by Genus Power. So execution on ground level, as I said earlier also, it takes its own time and so many systems we build integration with the current billing system, integration with the HES MDM which is there on the ground. So there is lot of work which happens first 6 months to 9 months.

So meters are being signed, they are installed, then the SAP happens all this takes a fair amount of time. So you will see when you are seeing the outstanding. One is the historical outstanding, which is for the meter being supplied to different state utilities which has been historical path. And some meters which are being installed in the field but not build yet because of the system integration. So, if you see an outstanding is almost a similar the way it used to be in the earlier years.

Chandresh Malpani: But sir, out of this total outstanding, how much would the utility base and like what we understand is that Genus has transacted in this way that it will only be a sole supplier of meter. So whenever the meters are being supplied, it will book the revenue to the HPV and HPV will pay Genus in say, 45 days to 60 days. So is my understanding right, sir?

Jitendra Agarwal: It is absolutely right. But if Genus will supply the meter, Genus will install the meter once the SAP is done, then platform will pay back to Genus. For Genus is like a capex business.

Jitendra Agarwal: That is supply the meters and platform will pay us, we have to install them also we have to system integrate, also and we have to once the operation go live happens, just platform pays the money to Genus.

Chandresh Malpani: And sir, secondly, on this opportunity side trying to understand like government has tendered out some INR25 crores meters, but recently we also see that there is a concept of net meter -- net metering getting traction. So this will open up another opportunity? Or how should we see this -- the opportunity size basically for our industry?

Jitendra Agarwal: Every smart meter is capable of doing the net metering. But the only thing is because net metering is started where these both are not clubbed. So initially, what I believe is next 2 years, there will be some duplication will happen that a lot of places smart meters will be installed afterward but net meters will be sold this year or next year itself. So some duplication will happen. Net meter cannot do the job of a smart meter but a smart meter can do the job of a net meter.

Chandresh Malpani: And sir, lastly, again, on the execution challenge we see that some states like Gujrat, are facing protests from the customers complaining about the higher billings and smart meter are installed. So, and they also taken the step back and say that firstly it will be deployed in their government offices and then the execution at the customer level will start. Do you see any challenges on execution in your view on this, Sir?

Jitendra Agarwal: So this is absolutely a normal situation. I'm not finding it crazily absorbing. If you go back to the history, electronic meters were installed in the initial date of 2002, 2003. There were some agitation in some pockets of the country. You are seeing agitation in the pocket of Gujarat, there not as even 20,000 - 25,000 meters are installed.

But we have not seen any agitation in Assam, where more than 2 million meters are already installed. We are not seeing any agitation in Bihar. There are almost 4.5 million meters installed. We're not seeing any agitation in UP. There almost 2.5 million meters are installed. So it is in some pockets sometimes.

Somebody has created an issue. And sometimes, electricity boards also take a little linear view, , okay, we will do it like this so that they take care of the consumer the -- problem is mellowed down. So these are very normal I'm not finding anything obnoxious in whatever is happening in in this route.

Moderator: Thank you. The next question is from the line of Akash from Dalal & Broacha. Please go ahead.

Akash: Sir, congrats on the good side of numbers.

Jitendra Agarwal: Thank you.

Akash: My question is, if I were to segregate my INR21,000 crores order book, as of today. So how would you split it how much would be for supply? How much would be for installation and how much would be for maintenance, just a broad breakup?

Jitendra Agarwal: So, this INR21,000 crores is approximated the order book of the whole company. And this in fact can remove around INR1500 crores to INR2000 crores of supply orders from the different customers, utilities, supply tenders what we've been from our existing business, what we used to do earlier. Around INR19,000 crores and giving a very approximate number. Don't hold me. I can't be absolute.

Akash: Yes, a broad figure, sir.

Jitendra Agarwal: Only broad figures I'm giving you. INR19,000 crores is from that platform. So this INR19,000 crores will go to the platform and almost 75% will come back to Genus. This INR19,000 crores includes all the SPVs, bid go orders everything. So currently, everything is in Genus and then it will move to the platform. Then platform will again give EPC contracts to Genus back it will be almost 75%-80%.

Akash: So out of that INR19,000 crores, how much will we get for supply? And how much will we get for -- so maintenance will be taken care of by the SPV itself, with the platform itself?

Jitendra Agarwal: Maintenance will be taken care again, everything will be done by Genus. So you can broadly break it like this. Out of this INR19,000 crores, 80% will come to Genus. And this 80% if you form let's make this 80% at 100%. So then 50% of that 100% would be of supply around 20% will be installation and around 30% will be O&M, operation and maintenance. And is it

broadly you can break it somewhere it can be 45-25-30, somewhere it can be 40-30-30 so it will depend on the project-to- project.

Akash: This is a broad breakup. So that 50% on supply and 20% on installation. So 70% of that money, we should be able to book it as soon as we have delivered the meters, right?

Jitendra Agarwal: We have delivered, installed, integration and operation goal has happened.

Akash: Correct. So that 70% out of that....?

Jitendra Agarwal: I would say 60%.

Akash: So 60%, we should be able to book in the next 2-3 years, am I right?

Jitendra Agarwal: Yes, to a very large extent.

Akash: Sorry?

Jitendra Kumar Agarwal Yes. For the order books it happens like.

Akash: Yes. So is my understanding right, right?

Jitendra Agarwal: [inaudible] I can't hear you.

Akash: Sir, I'm just trying to sum it up whatever you have explained to me. So out of the INR19,000 crores, around 80% will come back to Genus from the platform.

Jitendra Agarwal: Around 75%-80% again.

Akash: Yes, around 60% will be for supply and installation so that amount we should ideally be able to book in the next 2-3 years when we'll be installing the maximum number of meters, right?

Jitendra Agarwal: Yes, that's right.

Moderator: Thank you. The next question is from the line of Ashwani Sharma from Emkay Global Financial Services. Please go ahead.

Ashwini Sharma: Yes. Thank you gentlemen for the opportunity and congrats for a great set of numbers. So my first question is on the opportunity on the outer platform. How is the inquiry pipeline, if you can give us some sense?

Jitendra Agarwal: So we have a good inquiry from almost all the major AMISP player, we are supplying meters to IntelliSmart. We are supplying meters for Adani. So very good pipeline.

Ashwini Sharma: Any number you would like to put, sir?

Jitendra Agarwal: Currently, from different AMISP we have an order book of more than INR1,000 crores.

Ashwini Sharma: Okay. So way the things have started moving in the smart meters and the power space. How do you see opportunity in the smart meters in the gas space your comments, yes?

Jitendra Agarwal: Well, we are already doing gas meter. So gas meter is more like a conventional meter what we used to in the electricity. I'm, not see lot of gas meters converting to smart, -- most of the gas meter currently are - I would say conventional electricity meter types only. But you will have already taken a few city gas distribution companies have taken a decision that we want to go with the prepaid gas meters, but they are very few of them. Prepaid gas meters have a good opportunity, but more like conventional electricity.

Ashwini Sharma: Is there a price difference or anything -- any technology difference in this?

Jitendra Agarwal: So because of the cost only, most of the city gas distribution companies are currently are going with the conventional gas meters.

Ashwini Sharma: Okay. Sir, the second -- the other question a bit on a long-term basis. So over the next 4 - 5 years, what is our aspiration as far as revenue is concerned. I understand in FY '25, you might have INR2,500 crores of top-line which you're guiding for and some growth in FY '26 as well. But over the next 4, 5 years, what is our aspirations to as far as revenue is concerned?

Jitendra Agarwal: So I don't want the number on the aspiration, one thing is we are developing multiple lines correctly. It's not that we are only focusing on the electricity meters though yes. This is the most important focus area for us, but for the long run, we have done some work in the gas meter business, and now we are well established gas meters producers. Same way, we are already working on the water meters. And we will be seeing Genus playing a fairly good role not only in India, international markets also in the water meter.

Same way we have done a lot of investments in the last 4-5 years in our international marketing development. Last year also, we did exports of more than INR100 crores, and this year also , we expect to do at least INR150 crores. So we have been developing our these business models also apart from the smart metering we which is seeing a major surge currently and we have to understand when more thinking smart meter -- two things that will keep driving the smart meter business also.

One is new connections. It won't be significant, but some numbers will keep coming over the years in all the smart meters have a life at the end of the day. It's not that installed a smart meter and you're done for 15 - 20 years. So there will be a lot of business that will keep coming up after a certain period of time, after 10 years. Because the contracts are over. So this is how we see our future.

Moderator: The next question is from the line of Jayesh Shah from OHM Portfolio Equity Research.

Jayesh Shah: Sir, can you just explain the whole trade payments and working capital cycle, like, for instance, when you do -- when you bid for an order how much advance do you get? And as and when that you supply, what are the receivable days in that case? And is there a retention element? And how long does it take to build that money back?

Jitendra Agarwal: So you have asked a very loaded question because every project is different than itself. A few basic things I can tell you, most of the project doesn't have an advanced payment. The business, what we are going to do is primarily for the smart meters through platform, that will be a capex business where we supply the material, we do the installation and operation go live happen, they get paid within 45 days.

And so typically, if you see our business, it's always been a working capital intensive business. Next 6-12 months, I continue to see that because long projects will come on the ground, FAT/SAT will open and then money will start soon. But next year onwards, I definitely see the working capital intensity getting better for Genus. And otherwise, it is a working capital intensive business and remains like that.

Jayesh Shah: So the average working capital in terms of receivables and inventory would still be around 4-5 months?

Jitendra Agarwal: It is generally 5-6 months as you see our current balance sheet, it will be quite visible. But I see this improving from this financial year in the later part of the financial year because the business model is changing in a big way.

Jayesh Shah: Right. And is there any retention element?

Jitendra Agarwal: No, there's no retention element. Every project has a performance bank guarantee.

Jayesh Shah: Okay. And the bank guarantee is there for how many years?

Jitendra Agarwal: It is there till the contract that if we are signing a 10 years contract so it's there for 10 years

Jayesh Shah: Okay. So how much of non bank-funded limit that you need to do this kind of business turnover of INR2,500 crores?

Jitendra Agarwal: Again exact number, I can't...

Jayesh Shah: Roughly?

Jitendra Agarwal: Roughly, generally, the performance bank grants around 3%-5%. So if you take order book or let's say, we have done the order book of INR20,000 crores. So we needed 3% performance bank guarantee is already been submitted to the electricity board already, we have an exposure of more than INR600-INR700 crores in terms of the bank guarantee. Exact numbers I'll ask SGA who surely share it with you.

Jayesh Shah: That's very helpful. Going back to the capex for roughly how much would be a capex for a typical order size, if you can give us as an example?

Jitendra Agarwal: Capex is what sense?

Jayesh Shah: You said that most of these things are capex intensive. So did you mean working capital, capex in that case?

- Jitendra Agarwal:** Working capital.
- Moderator:** Thank you. The next question is from the line of Abhijit Purohit from Kaviraj Securities Pvt Ltd. Please go ahead.
- Abhijit Purohit:** Yes, sir. Sir, firstly, congratulations on a really strong set of numbers. And I wanted to know that after the implementation, there will be a lot of maintenance and updates and troubleshooting that you might be coming in our way, smart meters -- so how do we plan to support that infrastructure going forward?
- Jitendra Agarwal:** So there will be a proper O&M team which has to manage these meters -- and this is not something we are doing for the first time. Currently also as on date 0.5 million meters installed in Rajasthan for which O&M is done by us. So all these smart meters operational and maintenance once you installed further for 6- 7 years, everything will be done by us..
- Abhijit Purohit:** Okay. And also, sir, I wanted to know a broader picture from you. Since there are very optimistic environment that we can see for smart meters going ahead. So do you see or do you think that there might be some other strategic partnerships like GIC coming our way going forward?
- Jitendra Agarwal:** Currently, for Genus, we are not seeing anything. We don't need it. We have an exclusive tie-up and GIC and Genus have created a platform, which is exclusively working for each other in the industry, I don't know if more platforms are coming I'm not seeing anything currently.
- Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** So my first question is I'm trying to understand what is our, say, in a normalized year, how many meters can you install in a year as capacity of installing and number of meters in year?
- Jitendra Agarwal:** So there's no capacity to install the number of meters, there's no practical way to find out any capacity, how many meters can be installed in the year. But we expect in this financial year, the country will install a 60 million to 70 million smart meters. That is my expectation.
- Vignesh Iyer:** Okay. So as in for our company, we can scale it quite easily if we decide on to install the higher number of meters, right?
- Jitendra Agarwal:** Yes. Installation capacity depends on the number of people in the number of circles, you are working. So yes, it is expandable. There is no -- you don't need any capex to expand this kind of capacity.
- Vignesh Iyer:** Okay. Got it. So -- and if I'm -- so, I just heard your commentary earlier where one of the investors asked about supply plus installation you said after the supply of the meter and installation delivered and operated, you get around 60%, 65% of the total money. Rest I'm assuming is O&M, that is spread over the number of years of contracts?
- Jitendra Agarwal:** Yes.
- Vignesh Iyer:** So that is -- I mean, equally divided over the year, right?

- Jitendra Agarwal:** Yes, that is equally divided over the years.
- Vignesh Iyer:** Okay. And if I understand it right again, you told that it is anywhere between 24-30 months for the project any project that is awarded to be executed, right?
- Jitendra Agarwal:** Yes. execution period is anywhere from 24-30 months. And thereafter, you have to maintain it for 6-7 years.
- Vignesh Iyer:** Okay. After that, so everything inclusive it is total 10 years?
- Jitendra Agarwal:** Everything inclusive it is total 10 years.
- Moderator:** The next question is from the line of Smita Mohta from Kredent InfoEdge. Please go ahead.
- Smita Mohta:** So, basically, I wanted to ask one thing as the management said that they are looking to export -- so going ahead in next 5 years, on the revenue front, what percentage of revenue are you expecting in export -- and what is it of domestic? Second of all, as you said for O&M, it's 10 years. So margin's perspective is we want to understand. So O&M has a better margin or the smart meters installation has a better margin? And the last question would be, are we manufacturing smart meters? We are sourcing smart meters from somewhere. And if we are sourcing - sourcing it from where? These are my 3 questions?
- Jitendra Agarwal:** So, first of all, we expect our export to grow significantly but I don't -- I am not in a position to signify any number currently that 5 years down the line where we will be. But yes, there's a lot of investment and focus from the company side is going on the export market in which is from our results also in the current order. But I don't want to number anything what will be the situation in 5 years? Question number one. Question number two, in terms of margins definitely, O&M is comparatively better than by supply installation. So we maintain the same. Genus is a smart meter manufacturer. Every smart meter is strong by Genus is produced by Genus.
- Moderator:** Thank you. The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.
- Darshil Pandya:** Sir, just wanted to confirm our current capacity and are we expanding capacity because you have mentioned in our press release as well?
- Jitendra Agarwal:** So currently, we use comfortably produce anywhere from 1 million meters monthly and we are adding up some capacity now Guwahati plant. So we will reach to a comfortable level of INR1.5 crores electronic meters every year.
- Darshil Pandya:** Precisely should be around 30 million capacity that is what we are adding?
- Jitendra Agarwal:** So we are adding around 3 million meters capacity we currently do around 1 million a month, and then we'll comfortably do INR1.5 crores a year.
- Moderator:** Thank you. The next question is from the line of Rishabh Gang from Sacheti Family Office. Please go ahead.

Rishabh Gang:

So the smart metering opportunity is for the next 4 to 5 years, as you mentioned and post that entire country should have the smart meters. I want to understand what could be the business plan once all the smart electric meters installed in the country at because the replacement cycle will also take some time to come. So what are the other opportunities that will help us in maintaining the revenue run rate, which we might have by the fifth year-end, let's say, INR3,000 crores I understand that you mentioned about smart gas meters, smart water meters and exports.

I would like to understand what is the market size target addressable market for us in the smart gas meters in India, smart water meters. Also, what kind of export opportunity we actually see for all such kind of meters? Because -- in the export, I understand that we will only be selling the hardware device and how do we earn any money from the installation and operation and maintenance. So how does it work, sir?

Jitendra Agarwal:

Export market, as you rightly said will be focused as a hardware and the solution provider. And currently, we are working in 4 - 5 very fairly large opportunities in different parts of the world. So which is our focus area. So as a to put a number, how much is the addressable market in terms of gas meters in India, Yes, we can see some 8 crores to 10 crores gas meters should be sold in like 7 to 8 years. So that will be a good in market for the domestic side. When it comes to international water meter market, we have just entered in that that is our long-term vision. In domestic also, we expect water meter segment will take a very big boom in 2 to 3 years.

We are developing ourselves as a strong water meter player for domestic market also and for the international market also -- so we are working on multiple opportunities currently to make sure that 5 years down the line, 6 years down the line one, we don't see such a surge in the smart electricity meter that our revenues are being maintained. Some multiple avenues are being worked upon export market, water meter market, gas meter market.

And of course, our O&M will give fairly good amount of business year-on-year and electric meter in the country. Electric meter is not going to finish. It's not that once all smart meters are installed there will be no new connections or no new meters will be required yet the numbers in this significantly low but it will have some numbers to take care of -- so currently, I can't give you exactly, but there are multiple opportunities we are working upon -- and we have a good 4 to 5 years in ahead of us so that we can plan better and we make sure that we are there to achieve -- we don't let the numbers go down significantly when this opportunity is over.

Rishabh Gang:

Okay. What is the life in terms of years, for the smart electric meter and gas meter first question. Second, on the smart gas meter side, what is the unit value of each smart gas meter and would it also have like 50% value attributable to the hardware device and 20% and 30% attributable to the installation and O&M?

Jitendra Agarwal:

So in gas meters, we are not doing anything related to O&M. We are a pure hardware supplier currently, which hovers around anywhere from INR1200 to INR1500 for a normal gas meter. And smart gas meter is around INR3,000 to INR3,500. And mostly in India, normal gas meters are being sold. So that is one thing. Secondly, in terms of what was your second question?

- Rishabh Gang:** So what is the life of both the kind of meter?
- Jitendra Agarwal:** Gas meter will guaranteed for 3 to 5 years. Smart meters are guaranteed for 10 years. That is the line of the these meters, I would say, smart meters there are a lot of components which are perishable like batteries, capacitors so many things in the smart meters 10 to 12 years down the line the smart meters have to be replaced.
- Rishabh Gang:** And smart gas meters, the margins also will be around 15% EBITDA margin? Or would it be lower?
- Jitendra Agarwal:** Yes, it's like a hardware. It will be very difficult to spell any number right away.
- Rishabh Gang:** No issues. And on the smart gas meters, it's your current capacity that you have there, I understand you have 10 million existing capacity, can you make a smart device for the electronic meters?
- Jitendra Agarwal:** Gas meters currently, we do around 40,000 to 50,000 meters a month.
- Rishabh Gang:** And you will need to build another capacity for the smart gas meters, right?
- Jitendra Agarwal:** Yes.
- Rishabh Gang:** And how much capacity actually cost? Can you give an idea on how much maybe let's say, 1 lakh capacity, how much does it capex?
- Jitendra Agarwal:** Again, I don't have any perfect numbers in my hand currently for the gas meters we are asking. But it's not again, a very capex intense for industry.
- Rishabh Gang:** Okay. Just last question on the export side, when we sell all these hardware devices, so around 50% to what I understand is attributable to the hardware level device. So what are the kind of margins that we have here? And what other countries are actually in the future might go to the smart metering opportunity which we are doing right now. Any idea on that?
- Jitendra Agarwal:** So when it comes to smart meters across the globe, every electric point will become smart over a period of time. So almost every nation in the world is going for smart meters -- what is there in we are a hardware supplier to the world currently. We are not doing any O&M work to any customer right now. Right now, we are the way we used to do 3 years - 4 years back in India we used to supply meters and give the guarantee of the meters, same thing we are doing out of India currently.
- Rishabh Gang:** So what can be the unit value for the export and the EBITDA margins for when we export the hardware devices?
- Jitendra Agarwal:** Again it is a custom-build product, we sell meters anywhere from \$50, \$60 to up to \$400, \$500, depends on the product. It's a very custom based product.
- Rishabh Gang:** And margins?

- Jitendra Agarwal:** Export margins are comparatively better than the Indian margins for hardware.
- Rishabh Gang:** So I can assume around 15% on hardware devices?
- Jitendra Agarwal:** You can.
- Rishabh Gang:** No, What do you think, sir?
- Jitendra Agarwal:** This is like, as I said, they're better than the domestic market.
- Rishabh Gang:** Thank you so much. I really appreciate your time and effort.
- Jitendra Agarwal:** Thank you.
- Moderator:** Thank you. The next follow-up question is from the line of Akash from Dalal & Broacha. Please go ahead.
- Akash:** I had one question on the PAT margins front. So basically, sir, currently, one, is the finance cost? And secondly, are losses from the JV entity had diluted our PAT margins quite significantly. So how would be the trajectory for those two line items going forward for FY'25, FY'26?
- Jitendra Agarwal:** not equipped to answer this question we have noted down your query and ask SGA to reply back to you.
- Moderator:** Akash. Do you have any further follow-on questions? No response. Will move on to the next question. The next question is from the line of Chandresh Malpani from Niveshaay Investment Advisors. Please go ahead.
- Chandresh Malpani:** Sir, my question is on the communication Technology, we install our meters either in cellular or RF Technology -- so the data suggest that the advanced economies in the world have been successful on using the RF Technology. So sir, like there is something different in India because of density or the geography that cellular will also succeed or just your opinion on this?
- Jitendra Agarwal:** Personally, I don't agree to this data that advanced economies have successfully done only RF. Across the globe, both RF and cellular, depending on the place, situation, network availability are successful and same will happen in India. You will see a lot of places cellular are successful. You will see a lot of places RF is successful practically whether it is India or across the globe it will be a hybrid solution that will work
- Chandresh Malpani:** Okay. So, it depends on the area by area?
- Jitendra Agarwal:** Absolutely. I think we can take a couple of more questions.
- Moderator:** The next follow-up question is from the line of Smita Mohta from Kredent InfoEdge. Please go ahead.

- Smita Mohta:** So in the current results, we see that you have a JV of 26% on the major order book, which have been reported by the company in the results. So why is this JV volume, so low as of 26%, like how -- can you just explain the working of this order of 26% from the entire order book? Because majorly is your JV, which is taking away the order and only 26% is coming to Genus?
- Jitendra Agarwal:** It is not like that. JV means the platform. All the orders are moved to the platform and the platform gets the EPC contract to the Genus. And which is around 75% to 80% of the value. And 26% is the investment of Genus in the platform.
- Moderator:** The next question is from the line of Rishabh Gang from Sacheti Family Office. Please go ahead.
- Rishabh Gang:** Sir, just on to ask one thing. On the smart gas meter side and smart water meters that you mentioned, what is the stance of the government? Are they also planning to like get the smart meter installed in the next 5 years across the country. Any stance on the government side you have on this?
- Jitendra Agarwal:** So on the gas to city gas distribution is very clear and the government has a clear mandate that every household, every gas connection has to be pipeline. So when -- so we expect the opportunity of around 8 crores to 10 crores gas meters to be sold in the next 7 years to 8 years. On water meters, there on the ground, some work is happening but nothing significant which I can substantiate as of now.
- Rishabh Gang:** And whenever the gas meters get installed, it would be the smart gas meter and not the normal gas right?
- Jitendra Agarwal:** It will be both. Currently, India mostly is a normal gas meters, which are being installed.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to Mr. Jitendra Agrawal for closing comments. Over to you, sir.
- Jitendra Agarwal:** Thank you all for joining this call. We are grateful for the diligent efforts and unwavering commitment of our team members who have made these achievements possible as we persist to solidify our position in the smart metering industry. We are fully dedicated to upholding our core values of innovation, sustainability and customer satisfaction. We are looking forward to the prospects and obstacles that awaits us. If you have any additional questions, please contact SGA, our Investor Relations adviser, we will make sure you get your reply. Thank you very much. Have a good day. Good evening. Thank you.
- Moderator:** Thank you. On behalf of Genus Power Infrastructures Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.