

HPL Electric & Power Ltd
Q1 FY18 Earnings Conference Call
August 17, 2017

- **Moderator**
- Ladies and gentlemen, good day and welcome to the HPL Electric and Power Ltd. Q1 FY'18 Earnings Conference Call, hosted by Prabhudas Lilladher Pvt. Ltd.
- 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 * then 0 on your touch tone telephone. Please note that this conference is being recorded.
- I would now like to hand the conference over to Mr. Kunal Sheth from Prabhudas Lilladher Private Limited. Thank you and over to you, sir.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Yes, hi, thank you. I would like to welcome the management of HPL Electric and Power on the call. From the management, we have Mr. Gautam Seth, Joint Managing Director and Mr. V. R. Gupta, Director from HPL Electric and Power Limited. Sir, I would request to you to give us opening remarks. Then we will open the floor for the Q&A session. Over to you, sir.
- **Management – HPL Electric & Power Ltd.**
- Thank you, Kunal. Good evening, everyone. On behalf of the management of the company we extend a very warm welcome to all of you to discuss our financial results for the first quarter of the financial year '17-18.
- The first quarter of the current year began on a very encouraging note, marked by strong revival in our metering orders after a gap of four successive quarters. Our overall order book is at a high of 382 crores. The metering order book has increased by 53% Q-o-Q from 199 crores to 305 crores. This includes orders worth Rs. 45 crores which was received only

in the last fortnight. Currently around 2.7 crore meters are under tender evaluation by the various utilities. Further we see a strong potential for smart meters through government's centralised procurement initiatives, through EESL. In addition to the smart meters, there is also good potential for solar net meters and other solar products backed by the government's push for solar energy. With the backing of existing order book, we have a good revenue visibility for the coming year. Revenue from operations decreased by 7% year on year from 264.9 crores to 246.3 crores. Gross profits decreased by 7% from 109.5 crores to 101.9 crores. Gross margin was stable at 41.4% compared to 41.3% last year. EBITDA margin declined from 12% to 9.5%. The finance cost decreased by 48% from 22.6 crores to 11.7 crores. PBT increased by 12% from 6.6 crores to 7.4 crores. PAT increased by 7% from 5 crores to 5.3 crores.

- Coming to the business wise performance, our metering business displayed stable revenue. The margins slightly declined due to the unfavourable product mix. Our switchgear and lighting sales were largely impacted by lower off-take by channel partners as they resorted to destocking before the onset of GST. Margins declined in the switchgear and lighting due to lower volumes and limited additional incentives given to the channel partners. We expect the switchgear segment to benefit from GST implementation, which will lead to shift in demand from the unorganised to the branded players. Lighting segment is also expected to see healthy demand due to favourable GST rate of 12%, especially on the LED luminaires. Further both switchgear and lighting business shall also benefit from various government schemes like IPDS, Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and housing for all in the renewable space. We displayed healthy revenue growth in wires and cable segment, along with improved margins. Higher wire sales were driven by retail channel expansion and the BPL activities and advertising undertaken by the company. Further, higher GST rate of 28% on wires and cables also led to some enhanced purchases in June 2017. We have continued our efforts to improve our working capital efficiency by implementing the dealer channel financing, which could result in lower debtor days. A positive impact of channel financing will reflect in the books in the coming quarters. We have successfully implemented GST across all the systems and processes. Our supply chain is being revamped, to drive operating efficiency. We have decided to reduce about 10 warehouses within this quarter which will help us reduce our stocks at the CNF warehouses and this will result in higher savings and efficiencies. So, overall, we believe that GST implementation will create a level playing

field, leading to a shift in demand from unorganised players to the branded ones, benefiting players like HPL Electric. We maintain a positive outlook for the coming financial year, marked by revenue growth, improved operational efficiencies and a healthy balance sheet. We would continue to focus on cutting-edge innovation, manufacturing excellence and our R&D prowess. Our strong order book, pan India distribution network and presence, increased advertisement activities and marketing efforts along with a successful transition to GST, will have a positive impact on the company in the coming year.

- With this I would now like to hand over the call for the question and answer session.

- **Moderator**

- Thank you. Ladies and gentlemen, we will now begin with the question answer session. Anyone who wishes to ask a question, you may press * and 1 on your touch tone telephone. If you wish to remove yourself from the queue you may press * and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Tarang Bhanushali from IIFL Wealth, please go ahead.

- **Mr. Tarang Bhanushali – IIFL Wealth**

- Sir you mentioned that there is good opportunity in the electric meters market, and the market order stands at 2.7 crores. So, Revenue wise, how big is this opportunity for us?

- **Management – HPL Electric & Power Ltd.**

- Can you be a little louder please?

- **Mr. Tarang Bhanushali – IIFL Wealth**

- Sir, you said that the number of meters under tender is 2.7 crores. So, how would this translate in revenue terms?

- **Management – HPL Electric & Power Ltd.**

- Various tenders are being evaluated by the utilities currently, be it the state utilities or the central ones, including the EESL. So, for the market, the valuation would be 3000 crores and above.

- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay, so do you expect this to be ordered in this year or the numbers will reflect next year?
- **Management – HPL Electric & Power Ltd.**
- If you notice the purchase cycle of the utilities, once the tender is out, it normally takes three to four months to get them finalized. So, we would see all these tenders getting finalized this year itself. In FY 2016-17, very few tenders came out. In Q3 2017, we witnessed increased traction on the tendering front. This trend continued in Q4'17. This quarter, these outstanding tenders got converted into concrete orders. So, if the 2.7 crore meter tenders are finalized in Q2 and Q3, it would be a good thing for the entire industry.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Will GST not lead to re-bids in these orders, which aren't yet finalized?
- **Management – HPL Electric & Power Ltd.**
- Sorry, you need to be louder please?
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Sir, because of GST, will we need to re-bid for these orders?
- **Management – HPL Electric & Power Ltd.**
- In all utilities, in line with any government business, there is always a basic price, with taxes over and above this price. So, post GST, the basic price will remain the same, with an increment in taxes. So, no renegotiations are required with the utilities. Even the new orders have GST rates applied on the base rate.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- So what proportion of this tender pipeline would be smart meters?
- **Management – HPL Electric & Power Ltd.**
- As of now, the smart meters are being evaluated. The pending orders are electronic meters and some of them could be tri-vector or other meters.

- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay sir. You've said that there are purchases under EESL, so what we believe is that the purchases will be done by the state utilities. How is the centre involved in the procurement process?
- **Management – HPL Electric & Power Ltd.**
- In the first six months of FY 2016-17, not many tenders came out and there were some ambiguities relating to future orders. But subsequently in Q3 and Q4, the orders started flowing in from the state utilities, all for the normal meters. An order for smart meters was recently tendered by EESL, to cater to the states of UP and Haryana. This will take some time because some re-bid meetings and stakeholder discussions are yet to be held.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay. So, will it be limited to just smart meters or there would be other meters as well?
- **Management – HPL Electric & Power Ltd.**
- This order is primarily for Smart Meters but the specifications are subject to change. Currently, the specifications have been discussed for the smart meters. The states have been buying the normal meters and I think they will continue to do so. Along with EESL, other states have also come out with newer tenders and these states are also evaluating tenders which are for non-smart meters. Smart meter orders have started to flow in and there will be decent growth over the next 8-10 years. So, we are looking at a long-term opportunity.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Ok. Sir, in which all states have we witnessed increased traction? Any specific state or is it spread out?
- **Management – HPL Electric & Power Ltd.**
- Improvement in?
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Metering orders.

- **Management – HPL Electric & Power Ltd.**
- We have witnessed improvements across the states and looking at our present order book, we are well placed to cover all the regions. Since the energy meter market shrunk last year, there was less pick-up by utilities and thereby, less tenders were released. Now the demand has gained some traction and the tenders which the utilities are coming out with, are in the process of getting finalized.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Sir, in FY17, what would be the market size and what level do you expect it to attain in FY18?
- **Management – HPL Electric & Power Ltd.**
- I don't have the market size figure, but the market overall has shrunk considerably. The industry association will soon be releasing the market figures. Based on Q1 FY18, we have good visibility this year and we may probably go back to the levels of FY16.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay, thanks a lot, sir.
- **Moderator**
- Sure, before we take the next question, a reminder to the participants if you wish to ask a question, you may press * and 1. The next question from the line Digant Haria from Antique Stock Broking. Please go ahead.
- **Mr. Digant Haria – Antique Stock Broking**
- Hi Sir, on the non-metering business front, which are your top 2-3 states where you sell your switch gear, lighting and all the other products, except for meters?
- **Management – HPL Electric & Power Ltd.**
- We have a pan India presence. But if I have to mention a few, Maharashtra, Gujarat, Tamil Nadu and West Bengal have generated good business for us. On the trade side, UP is a very strong market for us. So, in terms of distribution of our non-metering business, nearly 22% of our

business is from the western zone, east is about 16%, north 32% and south 21%, and around 9% from Delhi.

- **Mr. Digant Haria – Antique Stock Broking**

- Okay. Since the last two quarters, you have been mentioning about all these schemes like affordable housing and Deendayal Yojana and we are expecting these to push our growth. Given that we have a pan-India presence, why are we finding it difficult to benefit from these schemes. The hampered growth in metering is understandable as it is totally driven by the state electricity boards, but we need to witness some traction in the other segments. Like we are facing trouble with growth, margin and working capital, all three. If we are so well spread out across the country, so are you indicating that despite our pan-India, there is no scope to grow unless the economy or these schemes do well.

- **Management – HPL Electric & Power Ltd.**

- I would agree because when we see the scope for our own improvement, although we are very well spread across the country, we need to really improve our sales and the other aspects which you mentioned. Since the last 12 months, or rather the last 9 months, we have seen two large disruptions happening in the market. First, it was demonetization which affected the non-utility business to a large extent and then GST, wherein almost two months have been quite washed out based on the trade market. Nevertheless, we see that there is a huge amount of growth opportunity in terms of our product range. Now our effort is on growing our sales. Selectively or if you see sporadically we have been growing, like last quarter the wire and cable were at 17% growth, so some places even our Q4 last year was well on the lighting side. So, although we have been growing at some bits and pieces but overall if you see the two large disruptions and probably a little more effort required by us, we can definitely look to grow in a bigger way.

- **Mr. Digant Haria – Antique Stock Broking**

- Before the IPO, we had EBITDA margins on a blended basis, which was close to 13-14%. This quarter, we have a run rate of 10.5%. So, do you expect this to go back to 12-13% level over the next 4-5 quarters or this 10.5% margin level will be the new norm for us?

- **Management – HPL Electric & Power Ltd.**

- If you look at the metering segment, we can maintain an EBIT margin of 14-15%, on a conservative basis. Similarly, for switch gear, barring this quarter, the switch gear margins have been higher than those of other segments. Coming to lighting, the margins have come down and we believe that an EBIT around 11% to 13% is more realistic in the present scenario. I don't see the lighting margin going back to our pre-IPO levels at this stage. On the wires & cables front, we have been able to improve our margins post our IPO from around 5% to close to 8% last year. There is scope for improvement once these hurdles are cleared. We are channelizing all our efforts towards improving our margins. But in the lighting segment, the margins are not going to reach levels we have witnessed earlier. With the government, also being very active on the EESL front, the prices will gradually decline and the pressures on the margins would remain for some time.
- **Mr. Digant Haria – Antique Stock Broking**
- Two more questions Sir. We have increased our marketing spend significantly. So, in which states and in which medium are we spending this money? And what is your debt figure at the end of June quarter?
- **Management – HPL Electric & Power Ltd.**
- Yes, we have enhanced our BPL activities and in all we have almost 4000 dealer boards and we have done a lot of local level activities. In terms of our marketing spend, we have spent nearly 3.68 crores in the first quarter, as against only 55 lakhs in Q1 FY17. So, we are increasing our marketing spend. If not for demonetization and GST, we would have targeted medium like television. Right now, at least for the next quarter, we would restrict ourselves to a lot of local level activities what we call the below the line (BTL) advertising. This is being undertaken to establish a deeper connect with retailers, dealers, electricians. But yes, in terms of our budget and in terms of marketing, we are looking to increase the spend. Our net borrowing is 368 crores, end of June '17.
- **Mr. Digant Haria – Antique Stock Broking**
- 368, okay, fine. Alright, that's it from my side, thank you.
- **Moderator**

- Thank you. Before we take the next question, a reminder to the participants, if you wish to ask a question you may press * and 1. The next question is from the line of Sanjiv Zarbade from Kotak Securities. Please go ahead.
- **Mr. Sanjiv Zarbade – Kotak Securities**
- Yes, sir, my question is regarding the EESL tender which had come for the states of UP and Haryana. Sir, as a manufacturer of meters, how do you see this development? Do you look at this as a formidable opportunity? And as a manufacturer, how do you stand to benefit from this?
- **Management – HPL Electric & Power Ltd.**
- We see this as a very positive development because we have been hearing about smart meters since the last two years. When the time comes for the government to procure the order, they should opt for centralized procurement, so that they are able to boost the technology and enable operational savings to the utilities. So, with this, it is a very positive development because right now the market, as in all the state utilities are already out with big tenders. These are for the normal electronic meters and as an added advantage we see EESL coming out with the smart meter tenders. So, for the industry it is a very healthy sign in terms of numbers if you see. UP itself is talking about 3 to 4 crores of smart meters and these tenders would be repeated and they would keep coming out until all the meters in the state have switched to smart meters. With the kind of resources they have, I would say it is a very positive sign for the entire industry.
- **Mr. Sanjiv Zarbade – Kotak Securities**
- There were uncertainties regarding procurement of the meters in Q3 and Q4 FY17. That uncertainty is not there right now. The states are procuring on their own as per their requirement and the EESL is taking an independent view and procuring their tenders. So, both ways it is positive for the manufacturers.
- **Management – HPL Electric & Power Ltd.**
- Yes, that's right. As long as the meters are getting procured. And as you rightly said, the states are going on its own and EESL has come up with the smarter meters. So that's again very positive for us.

- **Mr. Sanjiv Zarbade – Kotak Securities**
- And sir, this procurement, does it follow any seasonal pattern? Is it higher in the first two quarters and does it slow down in the next two or is it even throughout the year?
- **Management - HPL Electric & Power Ltd.**
- No, there is no seasonal pattern. It is quite uniform. From the time the tender gets published, until the commencement of supply, this gap is usually 4-5 months which includes the time taken for evaluation of meters. So, we consider two things in general. One, what's our outstanding order book. Because that gives us a revenue visibility over the next 5 to 6 months. Second, the tenders which are under evaluation. And as long as the tenders are getting evaluated, something or the other keeps getting finalised on a weekly or a monthly basis. So that gives a feed to the industry.
- **Mr. Sanjiv Zarbade – Kotak Securities**
- And sir finally, we witnessed a sudden drop in demand in the previous fiscal. Are you seeing any significant increase in competitive intensity? Because every player would look to fill their order book and make sure that their plants are utilised to the maximum. Are you seeing any price competition or price undercutting, which could impact margins for yourself and maybe even the other manufacturers?
- **Management - HPL Electric & Power Ltd.**
- You are talking specifically for meters?
- **Mr. Sanjiv Zarbade – Kotak Securities**
- Meters, yes.
- **Management - HPL Electric & Power Ltd.**
- If you see the competitive scenario in meters, there are 4 companies which are participating and supplying on a larger scale. There is a proper bidding process done by the utilities. So, I think we are not going out of the way to do anything. Large number of orders are getting finalised, which is very positive for us and we do hope to maintain our market share and then grow accordingly.
- **Mr. Sanjiv Zarbade – Kotak Securities**
- And sir regarding the EESL tender for smart meters, obviously the realisations would be higher in smart meters as compared to the normal

meters, which the state utilities are procuring. Will there be a pressure on margins due to imports or will the same 4-5 players be participating in the bidding process?

- **Management - HPL Electric & Power Ltd.**

- In terms of participation, you must realise one thing that smart meters are the higher end meters in terms of technology, the software and the communication. So apart from the leading players in the country, I would believe that there would be participation from certain other global players who are probably doing it elsewhere in the world. One needs to be very competitive in terms of not only supply but also in doing the after sales and ultimately servicing the customer. Anybody participating on an import basis, I am not actually sure on that. But if some foreign player places a bid, they will have to create certain infrastructure in the country to cater to such large requirements, where the technology and the electric circuits are quite challenging and even the cities are in such a way that at the ground level if one has to provide service, one really needs to be well-equipped. In terms of pricing and margins, yes, the margins would be, as of now, much better than normal meters because the technology is sophisticated and the unit values are higher. The current tender size is 50 lakh. Once the smart meter tenders gain traction and the standardisation is achieved, the prices would start coming down and things would become competitive and with our strong backend and R&D expertise, we would work towards reducing our costs on higher volumes and then retain those margins.

- **Mr. Sanjiv Zarbade – Kotak Securities**

- Right. Great sir, thank you. That's it from my side.

- **Moderator**

- Thank you. We take the next question from the line of Tarang Bhanushali from IIFL Wealth. Please go ahead.

- **Mr. Tarang Bhanushali – IIFL Wealth**

- Sir what would be our market share in the metering market in FY'17?

- **Management - HPL Electric & Power Ltd.**

- Yes, there are no published figures on this. But if you see the earlier Frost and Sullivan report, I think our share is about 21%. Overall, the market is down owing to lower off-take. We are expecting another report to be published soon so that would be a better reference point.

- **Mr. Tarang Bhanushali – IIFL Wealth**

- Okay. And sir post GST, has sales resumed to the levels we had seen in the previous year? Or it is still subdued for us?
- **Management - HPL Electric & Power Ltd.**
- July started off on a rather slow note for everybody in the industry. Although we were ready with our systems by the end of the first week in July. But July was still comparatively a dull month. We have witnessed renewed traction in the month of August. From August, September things should pick up. But yes, in July the pickup was slow and but post GST, we expect things to gain momentum. The trade was probably not fully ready to absorb that. Heavy destocking was done by the dealers in the month of June. Currently our inventory levels are on the lower side at the dealer level. So, there's a scope for restocking over there. Though I don't feel that dealers would just rush in and restock themselves to the levels they were also operating at. They will also try to bring in some more efficiencies in their own systems and try to order it. But yes, the movement in August right from the beginning is much better than what was seen in July.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay. And we have started our dealer channel financing. So, what is the impact? Has the debtor days reduced? What extent are we expecting it to reduce by FY '18?
- **Management - HPL Electric & Power Ltd.**
- Our Debtor days have been marginally better. What's good in channel financing is that we have almost 227 dealers who have signed in and right now we've got many sanctions from them. By the end of this year, we would have over 100 of our top dealers operating under channel financing, with the impact on the debtor being around 70-75 crores. Currently, 138 dealers' files are pending with the bank, which we expect to be cleared in the next 60 days. So, a lot of work has been going on and the transition has been smooth. It took us a lot of time to educate the dealers. In fact, our own team had to be educated on the benefits of this and how we need to do the documentation. So currently, we have many dealers who are already operating under the system. The benefits will start reflecting in Q2 and Q3.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay. And what would be the dealer network for us? The dealer count?
- **Management - HPL Electric & Power Ltd.**
- Can you be louder please?

- **Mr. Tarang Bhanushali – IIFL Wealth**
- So, what would be the dealer touch points for us? Total.
- **Management - HPL Electric & Power Ltd.**
- We have over 2000 dealers and since we started the channel financing, we have also been relooking at our dealers. So, there are two efforts going on. So, the dealers who have associated with us since the early stages but do not register high turnover, are being considered for consolidation with the bigger dealers. So, at one point, this will also reduce the number of dealers we have. And on the other side, we are considering on-boarding a new set of dealers which are focussing a lot on the retail side, mostly for redistribution. So, there's a lot of churning going on. Most of our big dealers are undergoing the process and are at various stages. So, there are a lot of norms. In fact, the bank is also putting them through the KYC norms and the limits are getting sanctioned by the banks. We are also reorganising ourselves with a view to reduce the number of dealers, which are doing very thin sales and we are looking to realign them. So, our channel will become much stronger.
- **Mr. Tarang Bhanushali – IIFL Wealth**
- Okay thanks a lot.
- **Moderator**
- Thank you sir. A reminder to the participants. If you wish to ask a question you may press * and 1 on your touch tone telephone. Next question is from the line of Kunal Sheth. Please go ahead.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Hi Sir. I just wanted to know whether we have taken any price hike in our portfolio, post GST?
- **Management - HPL Electric & Power Ltd.**
- In terms of pricing, GST has been beneficial to the consumers which can be seen in the form of reduction in our MRPs and all the benefits have been passed on to the dealers and in turn, going to benefit the customers. So, there is no price hike. But the benefits have been passed on to the dealers as well as the customers.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sir if you can highlight segment wise, what is the extent to which the impact has been passed on? Because I am sure, in wires and cables, you

would have had to consider price hikes. So apart from that, what is the quantum of price hike in wires and cables and what is the reduction you have passed on in other segments?

- **Management - HPL Electric & Power Ltd.**

- You need to see it in a more comprehensive manner. If you look at our wires and cables segment, our MRP has in fact come down. Our discounts also have been rationalised and they have also come down. So, in all the difference of GST obviously gets passed on because GST is now extra. So there has been a good benefit meted out to all our dealers in the switchgear and lighting segments. 18% in metering is flat. In wires there was an increase, effective rate of increase in the GST which eventually gets passed on to the consumer. But even in that case we did reduce our MRPs in a way to pass on some benefits to the consumers.

- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**

- Okay. And sir have we done any -- post-GST will we be able to consolidate the requirement of our warehouses and any benefit that can flow in from there?

- **Management - HPL Electric & Power Ltd.**

- We do see certain benefit accruing from that since now it is a borderless system. We were originally going with 25 warehouses and then we had 7 factories. So, if you see there were 32 points of billing. We have now earmarked 10 warehouses which would get reduced. For instance, our warehouses in Raipur and Dehradun are shutting down. So, we are reorganising our warehousing network keeping in mind the proximity of those. This will lead to higher efficiencies as we won't need to stock of products in multiple warehouses. For instance, Dehradun can be served by our warehouse in Ghaziabad. Similarly, Indore and Nagpur can service Raipur. The business volume from our existing warehouses is expected to increase, which will lead to higher efficiencies. We are also looking to create a mother warehouse in north, which is very close to one of our factories. So that will again help us to organise the stock inventory in a better way. In three other regions, which would be Kolkata, Bangalore and in Nagpur, we are considering additional mother warehouses. So, there is a lot of reorganisation we are already doing and with this, we expect our inventory on the trade side to come down, resulting in efficiency and higher savings. And as you also must be reading a lot in the newspapers that the freight costs are coming down because of lead times coming down, we should be able to feed our channel, grow our sales with much lesser inventory. Overall, we have already started reducing our warehouses, but it would take further 6 months by the time we are able to start reaping benefits.

- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sure. Sir we are looking at significantly increasing our branding and promotion expenses. Any figure that we have in mind in terms of what is the number we will spend this year on branding and promotion?
- **Management - HPL Electric & Power Ltd.**
- We had a figure in mind in Q3 FY17 but because of demonetization, we held back our plans. Currently, we are expecting it to be around 2.5% of our top-line. Once our market share increases, we can look to increase spend on ATL.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sure. And sir one final thing. Our current debt you said is 368 crores. Do we see it coming down further during the the year?
- **Management - HPL Electric & Power Ltd.**
- Sorry can you repeat that?
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sir our current debt number is 368 crores you said. Right?
- **Management - HPL Electric & Power Ltd.**
- Yes, that's right.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- At the end of FY '18, do we see this number coming down further?
- **Management - HPL Electric & Power Ltd.**
- It would probably come around maybe 380 or 385 crores. Maybe just marginally increasing. In meters, we already have a strong visibility based on the orders in hand. I am sure in the next quarters we would see the volumes of our no-utility business going up.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sure, thank you sir. Operator?
- **Moderator**
- Thank you. Yes.

- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Do we have any further questions?
- **Moderator**
- There are no further questions from the participants.
- **Mr. Kunal Sheth – Prabhudas Lilladher Private Limited**
- Sure. Then we can close the call probably.
- **Moderator**
- Alright sure. Members of the management, would you all like to give a closing comment?
- **Management - HPL Electric & Power Ltd.**
- Yes, we would like to thank everyone for coming and giving us an opportunity to present our case. And again, just to reiterate that going forward, we see our business improving in all the segments, be it sales, margins or sourcing. So, there are a lot of other steps going on including our internal audit and control systems. So, there is a lot of work which the company is doing and we are really hopeful for the next quarters. Thank you very much.
- **Moderator**
- Thank you. Ladies and gentlemen on behalf of Prabhudas Liladhar that concludes this conference. Thank you for joining us and you may now disconnect your lines.