HPL Electric & Power Limited
CIN : L74899DL1992PLC048945
Corporate Office : Windsor Business Park, B-1D, Sector-10,
Noida - 201301 (U.P.) | Tel.: +91-120-4656300 | Fax. +91-120-4656333
E-mail : hpl@hplindia.com | website: www.hplindia.com

21st February, 2022

The Manager,
Listing Department,
National Stock Exchange of India Ltd.
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051
Symbol: HPL

BSE Limited
25th Floor, New Trading Ring,
Rotunda Building,
PhirozeJeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 540136

Subject: Transcript of Conference Call with the Investors/Analysts

Dear Sir

This is with reference to the intimation dated 10th February, 2022 and 14th February, 2022 made by the company about the Conference Call scheduled/rescheduled for Investors/Analysts on Monday, 14th February, 2022 at 3:00 PM IST. A copy of Transcript of the conference call held with the Investors/Analysts is enclosed herewith and the same is also available on the Company's website i.e. www.hplindia.com.

Kindly take the same on record.

Thanking You

Yours Faithfully
For HPL ELECTRIC & POWER LIMITED

VIVEK KUMAR

Digitally signed by VIVEK KUMAR
DN: c=IN, st=Delhi,
2.5.4.20=3eb36823c8b414e7e934f2e0af3da010641437e49524495d66b6b358709bf23f, postalCode=110095, street=A 125 S 1 DILSHAD COLONY,
serialNumber=052767230d5f1c44b1c2164eefdb84f2c760ac7359949d646e7ce9b91f23d372, o=Personal, cn=VIVEK KUMAR,
pseudonym=3a256b36c3f5ad54f1e1d2c8a2d5db56
Date: 2022.02.21 17:06:05 +05'30'

Vivek Kumar
Company Secretary

Encl: As above

"HPL Electric & Power Limited Q3 and 9 Months FY22 Earnings Conference Call"

February 14, 2022

MANAGEMENT:	**MR. GAUTAM SETH – JOINT MANAGING DIRECTOR, HPL ELECTRIC & POWER LIMITED** **MR. RISHI SETH - MANAGING DIRECTOR, HPL ELECTRIC & POWER LIMITED**
MODERATOR:	**MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the HPL Electric & Power Q3 and 9 months FY22 Earnings Conference Call hosted by Elara Securities Private Limited. 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 touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Harshit Kapadia from Elara Securities Private Limited. Thank you and over to you, sir.

Harshit Kapadia: Thank you Janice. Good afternoon everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY22 and 9M FY22 conference call of HPL Electric & Power Limited. I take this opportunity to welcome the management of HPL Electric & Power represented by Mr. Gautam Seth - Joint Managing Director and Mr. Rishi Seth - Managing Director. We will begin the call with a brief overview by the management after which we will start with the Q&A session. I will now hand the call to Gautam sir for his opening remarks. Over to you, sir.

Gautam Seth: Thank you Harshit. Good evening, everyone and thank you for joining us on this earnings call of HPL Electric & Power to discuss the financial and operating performance for the Q3 FY22 and 9MFY22. At the outset, I hope all of you and your family and loved ones are healthy, safe and sound. To give an update on Q3 FY22 performance, the Company's revenue grew by 15% YoY to Rs. 280 crores during Q3 FY22 with the economy returning to normalcy coupled with the rise in consumer spending. EBITDA during the quarter stood at Rs. 37 crores. The EBITDA contracted marginally in Q3 FY22 due to the rise in raw material prices led by supply related shortages of chips, higher metal and industrial plastic prices. The other expense increased due to the higher marketing spends. However, lower employee expenses restricted for the margin contraction. Our cash profit stood at Rs. 21 crores during Q3 FY22.

Discussing our segment wise performance, the Metering business contributed Rs. 113 crores to the topline during Q3 FY22 impacted by shortage of semiconductor chips and key raw material components. The chip supply related disruption is expected to improve post Q2 FY23. HPL is in a sweet spot to benefit from the Government's ambition towards the installation of 25 crores smart meters across the nation by 2025. The consumer and industrial segment surged by 25% YoY to Rs. 168 crores led by an increase in spending and resumption of construction activities in Q3 FY22. The switchgear segment grew by 9% YoY to Rs. 54 crores. The lighting segment revenue grew by 14% YoY to Rs. 74 crores in Q3 FY22. The wire and cable segment surged by 95% YoY to Rs. 39 crores in Q3 FY22. The B2C enjoys 66% revenue share of the Company's topline in Q3 FY22 as against 61% in the previous year. Thanks to the strong in-house R&D capabilities, the Company has been making swift in roads towards exports through its diversified product portfolio. As a result, HPL's exports grew by 25% YoY in Q3 FY22 and 41% in 9M FY22, despite of COVID-19 restrictions in several countries. The Company's exports order book remained strong as it eyes to tap the opportunities in the export market.

Now, to give you an outlook for the rest of FY 22, HPL order book remains robust and at an all-time high of Rs. 879 crores ensuring revenue visibility for the coming quarters. Additionally, the Company has over Rs. 275 crores smart meter orders which are likely to be executed in the coming quarters.

The Smart Meter industry is one of the beneficiaries under the Government's ambitious Atmanirbhar Bharat initiative. The installation of smart meters is likely to accelerate with the centers funding to the state under the National Smart Grid Mission (NSGM) and Integrated Power Development Scheme (IPDS) backed by Revamped Distribution Sector Schemes (RDSS). The Smart Meter industry has received the much-desired boost with the Government's drive towards allocating Rs. 225 billion to install 25 crores smart meters across India, under the Rs. 3 lakh crores power distribution scheme. Acknowledging the fact that mere 37.3 lakh smart meters have been installed till date, the Government is likely to float large tenders in the coming quarters for installation of smart meters to meet its ambitious target. The Company is continuously evaluating and bidding for metering tenders in the pipeline. HPL Electric is confident to back new orders in the near term. HPL Electric's electrical equipment vertical caters to various market segment through its diversified product portfolio. The Company maintains a favorable stance for its consumer and industrial business growth trajectory led by reopening of the economy, positive consumer sentiment and introduction of new products.

HPL Electric's management strives to maintain a balanced approach towards the Company's leverage and liquidity profile. The Company benefits from its low CAPEX stance as it has adequate capacity for fueling its medium-term growth plan. The consumer business is gaining traction back by diverse product portfolio, robust distribution network and brand building initiative. I would request the operator to open the floor for Q&A. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Monika Arora from Share Joint Wealth. Please go ahead.

Monika Arora: Sir, as we see that the government has increased its focus on the infrastructure development, so do we see any rise in tenders by the Government or from the DISCOMs, especially when we are talking about the smart meters?

Gautam Seth: When we look at the overall scenario in the smart meter business, there is definitely an increase of tenders which are coming both the central as well as the state level., In terms of value, of course it is difficult to estimate, but anything if you look at the near term business, we would expect almost more than 1 crore meters coming out per annum and the government, of course, has fixed a very ambitious target under the various schemes what it has and also apart from that the government has been allocating the various budgets towards the procurement of the smart meters, so eventually the target is to reach to the 25 crores prepaid smart meters. By 2025, the rollout may be a little delayed, but overall if you look and even by the end of 2023, the 10 crores meters being installed is a huge requirement or asked by the Government. We see is a lot of tenders which are coming out. Hence, as an estimated value, what the industry is talking about is anything over Rs. 10,000 crores right now considering various tenders which are in circulation.

Monika Arora: We are experiencing chip shortages globally, so how are you mitigating that shortage?

Gautam Seth: We were hoping that by April or May 2022, the chip shortage will get reduced. It is not happening like that because the capacity, the demand is going above the supply, but as HPL, seeing the last few quarters in which we are reporting, we have had higher production and sales of our smart meter and that is continuing to do even in this quarter .So, we are hoping that every quarter, we will be able to grow up our demand and that is what it is going, but may be within a period of 5 to 6 months, we expect that things will be starting to get normal and it will take around 12 months by which it will be fully normal.

Rishi Seth: Although apart from this we have covered for many months in terms of the forward booking with various global suppliers, we have almost, our next 12 months requirements are already booked with supply, but as we see the shortage is coming and normally these are all very large global suppliers, but it is something universal across various industries, but despite of that still we expect in the next couple of months, the overall situation should improve and that should help us because we already have a strong order book as well as a large enquiry base.

Monika Arora: And sir, if I could squeeze in one more question, What is the kind of market share we command in this smart meter, a ballpark figure if you can share, and any measures taken by the Company to improve its share over the long-term period?

Rishi Seth: The smart meter segment has just started, so in 2022, we saw the ball rolling and the smart meters there and we can say right now that we have a substantial share because the major tenders are yet to take off. They are yet to come, so once the major orders will be decided, then the market share will get rolled, but right now, we have a substantial market share.

Monika Arora: And are you seeing that the traction is there in this like these orders are supposed to come in the near future?

Rishi Seth: Not traction, it is full-blown traction and the orders and the tenders in the pipeline are in very large volumes as Mr. Gautam was just saying so and it will take another just 3-4 months. The finalizations will start at very fast pace because the deployment also has to be done very quickly, so everything is now moving the entire chain of the event are moving very fast to see that the orders are placed quickly and the deployments start very fast.

Gautam Seth: Just to add to what Mr. Rishi was saying, we are taking a lot of proactive measures to ensure that our market share traditionally in the earlier part of the conventional meters, we were always at 20 to 25%, but now the Company, we have worked on our design, on our R&D, our manufacturing capabilities are all in place, so a lot of work has been done in the past two years to ensure the readiness to exploit the big opportunity of the smart meters. So, as and when it gets rolling, we are confident of grabbing a large market share on this, but as the overall smart meters evolve so that presently help the Company to grow in terms of revenue and the margins.

Moderator: Thank you. The next question is from the line of Kritika Jain from Sequent Investment. Please go ahead.

Kritika Jain: Sir, as there has been a rise in raw material prices lately, so are there any plans or have you taken any price hikes for any product or are we going to take them in the future?

Rishi Seth: We have already initiated the price increase across all segments and from March 2022 or 1st April 2022 they will get implemented. Across the segment, all price lists have been increased and they are in the process of getting circulated into the market.

Kritika Jain: And also, what is the vision for the B2C segment for the coming quarters?

Gautam Seth: If you see since the last, almost 6 quarters, there has been good traction and growth across all our B2C segments which consists of the lighting, the switchgear, wires and cables. Going forward, we will continue to see the same kind of traction. I take up more individually on each of them. If you look at the wire and cable segment, the last quarter has seen an almost 95% YoY surge. Of course, some part of the increase can be attributed to the raw material cost going up, but nevertheless, there is a huge increase in the overall volumes and the quantity of materials being sold. So, even looking at the immediate Q4 FY22 and as well as may be in the next one year, we would continue to see the wire and cable segment growing up, more because even the building segment is resuming, we are seeing certain activities pick up in many areas, especially in the tier 2 and tier 3 cities, but also the overall retail part is going up. There has been a slight slowdown if you see in the second half of, in the last part of December 2021 and the beginning January 2022 because of the third wave coming and certain markets getting closed down. The Delhi market was practically closed for two weeks with the odd-even and the night curfews, but now again things are getting back, so overall we would see this quarter gaining back on the volumes and happening. Switchgear, of course, has been seeing a steady growth in the first 9 months of this year. We have had 28% YoY growth in the switchgear segment, so we would continue to see that happen even going forward in the next almost more than a year that would happen. The exports have been picking up and a large part of our sales in export markets to the 42 countries is our switchgear. So, we have been talking about it many a time that our R&D since we do R&D on a large scale, we have compliances to the global standards, so that helps our switchgears to get accepted in many countries and specially in all the IC countries which are there, so switchgear also we do see good growth. Lighting also we have seen a good growth, although we saw good Diwali, but even after the Diwali sales the volumes are continuing to grow. Just to summarize on that, the overall B2C business has been seeing a good traction over the last 1-1/2 years and we see a good runway or a good traction going forward. One thing we need to remember is that especially in the switchgear and in the wire and cables, these segments are prone to commodity increases or the volatility in the industrial plastics and metal prices which are there. So, in terms of that, volatility will always remain, but despite that the overall demand growth has been there and we expect that to happen. The lockdowns have also seen certain readjustments in terms of brands. The unorganized segment has been shrinking and I would say even going forward, the branded players and HPL Electric comes in that where we are known for our technology and quality, so we expect to go forward and as in your last question, Mr. Rishi was sharing that we have been, we are due to take another price increase in this quarter, but over the last 9 months also, there have been almost 4 to 5 increases in the wire and cable prices, even certain switchgear products have gone up, so as and when we see the prices of commodities are going up, they get generally passed on to the consumer with a lag, so obviously we have to see the competitive scenario as well of how was the competition is doing or how the market is reacting, but overall these increases are being passed on to the consumer.

Moderator: Thank you. The next question is from the line of Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia: Sir, the first question which I wanted to ask in terms of gross margin, we have seen limited amount of decline, when we looked at how others have said and specially when the commodity prices are raising, so I just wanted to get some perspective, this is largely because of the price hikes we have taken in the last 9 months and if you can highlight a quantum of hikes that you have taken and something if you can highlight in Q3 specifically and going into Q4, do you further expect any price hikes to happen or the commodity has right now flattened a bit, there are no such increases needed? And secondly, on the revenue mix part of it, is this also a reason why the gross margins haven't seen a decline that much?

Gautam Seth: Of course, as a Company and with many of our segments, we have been hit by the commodity prices going up, so there is no doubt in that. We have seen all the metal prices going up. Our business is also dependent upon copper, we are large users of all industrial plastics, whether it is polycarbonate or nylon or anything, so definitely that has impacted. When you study our results, you will find that in the standalone Company, HPL Electric, there has been an increase in consumption as well and that is mainly because of the prices going up, but overall, if you see on a consolidated level, that has seen despite certain increases in the commodity that has seen a better margin and as well as the consumption coming down and I would say the overall margin increases on two factors, one is better realization and better margin orders being executed at that time and second is that certain old stocks which were there, which were not moving out due to perhaps because of the COVID delays. Those moved out in this quarter. So, that gave us incremental margin as well as the consumptions going down, so overall if you see, yes the gross margins have been fractionally down and they remain at around 36.4%. Still yes, internally if you look at it, the commodities have had an impact on that. As a Company, one of the ways to improve our margins is definitely the revenue mix, so we are continuously working in each of the four segments to improve our revenue mix to enhance the margin. However, apart from all the products what we have seen in the Q3, the wires and the lighting have just about maintained the margins, but in meter we saw an improvement in margin. So, of course, meters does not have too much of a metal play into them, but yes, plastics or even, as we discussed on the chip shortages, they definitely have an impact on the overall cost, cost of consumption as compared to the sales, but there the revenue mix as we see the smart meter traction coming better and our own internal product mix changing into smart meters, definitely there will be a margin improvement going forward. So, we have seen certain margin improvements in that. So, that is how it is and definitely, yes, we have been impacted, although we are each time looking to pass on the pricing. In terms of wires, probably I will not have the immediate numbers in the last 9 months, but in the last 1 to 2 years, I think we have had number of increases, may be 15 to 20 times the prices have gone up, 2-3 times they have also come down and between whenever we have seen the global prices stagnate or even come down a bit, so generally the prices in the wire segment are getting passed on to the consumer with a gap of 15-20 days. Switchgear, we have seen almost one increase in the earlier part and one increase, we will see in Q4 FY22. Lighting also we have seen two increases happening, so more or less the increases have been anywhere between 5 to 10% in the other segment, so wire has been higher and that is how it is. In our utility segment, where we are looking at the tenders, since the commodities have been volatile and have been going up since the last 1-1/2 years, so the newer tenders that we are quoting, those have been quoted with keeping in view the increased prices or the volatility which is there and also the shortages or any additional cost which it involves procuring those materials. So, of course, there we cannot pass on an immediate basis, but yes, we are aware of it as and when the prices are going up and all the new tenders which have been participated have those costs covered up.

Harshit Kapadia: This was very helpful for the detail answer, what you mean to say is you can withstand this kind of gross margin and there is a strong possibility that margins can move upward as time pass?

Gautam Seth: Yes, our EBITDA is around 13.3%, but looking at the volatility, it may be difficult to just give guidance that we would probably maintain it although the efforts would always be there, anywhere between 12 to 13% is somewhere which our sustainable EBITDA margins which should happen, but when we look at the revenue growth, that is something which seems much more certain, so in absolute terms, the EBITDA amount would be going up, that is for sure. The percentage could vary depending upon the product mix as well as volatility in the overall commodities here.

Harshit Kapadia: And my second question is on the other expense part of it, I believe that has increased, almost doubled in your revenue growth, would that be because of largely the expense coming back because of the festive season or is there any other cost element which has abnormally gone in this quarter or is there any one-off kind of a thing?

Gautam Seth: No, if you look at, in fact, there are almost 3 expense heads which contribute to almost more than 90% of the increase and if you look at the R&D and the meter testing, what is there, because smart meters requires a lot of testing and the R&D efforts. They have almost gone up by Rs. 2.77 crores in this quarter as compared to last year. The advertising and sales promotion expenses have gone up by Rs. 3.35 crores. This is again based on certain local level advertising which we have resumed which was on hold post the COVID. We have seen certain good incremental sales in the last 6 quarters, so I think on the B2C side, yes, we are looking to continue and spend this kind of money are invested in the brand. Then the third expense is on the freight which has gone up by almost Rs. 0.75 crores. So, roughly, almost Rs. 7 crores of expense has gone up under only these 3 heads and that is what when you see the increase almost from Rs. 23 crores to Rs.

31 crores, so that has gone up, but yes, we are continuously reviewing the expenses as well. Apart from looking at revenue growth, we also need to keep that under check, so that overall, we are able to maintain and grow the margins.

Moderator: Thank you. The next question is from the line of Preeti Nagpal from Global Investment. Please go ahead.

Preeti Nagpal: Sir, what are our revenue and margin expectation in the next 2 years?

Gautam Seth: We would expect the growth to continue for FY22, In fact in the first 9 months, our overall revenue growth is about 21%, so we do expect the revenue this year to be anywhere between Rs. 1,000 crores to Rs. 1,050 crores, net of taxes, so this is how, so we overall see the trend continuing for this year. Next year also, we expect the overall growth to be in excess of over 20%, so anywhere we should be adding over Rs. 250 crores in the next year in terms of the revenue. We already have a good order book. This is subject to the availability of chips which we hope that by the second half of the next year it would improve, but if the demand really goes up or anything unexpected happens, then it could be a different way, but overall, we see that happening. We are also in the COVID times, where things have been a little uncertain, but somehow the way it appears now, we seem to have the whole thing behind us, but if something unexpected happens, that may hamper it, but from a revenue point, we see the growth to happen. In terms of the EBITDA margins, I think anywhere between 12 to 13% would be sustainable. That is the way we look at it now, but definitely, efforts are made to ensure that things will improve. So, may be the commodity increases or the volatility does not last for long or it may even reverse back, so anything that happens can give us a better positive beyond that. So, that is how we look at the next 2 years.

Preeti Nagpal: Sir, could you throw some light on your distribution network and are you planning to expand it going forward?

Gautam Seth: Yes, we have almost 800 to 900 dealers. I have said it earlier also that, although we are looking to enhance our reach across the country, but over the last couple of years, we have in fact reduced our billing points. In fact, we have even improved on the quality of our dealers, we have got them under channel financing, so a lot of work has happened, but the real distribution network can be just by the increase in the retailer base. So, we already have over 40,000 retailers now who are authorized retailers and that is continuously going up. So, we are putting a new way of monitoring, our staff which is covering those retailers, as well as a complete system, is there where we are geo-tracking the whole big plans, how the coverage is happening to the network and this is something which is continuously going up. In the past also, we have said that in the near 2 to 3 years, we would like to at least expand to more than 100,000 retail points across the country and I think we are on task with that. In terms of revenue, of course you have seen the B2C growth in the last 6 quarters, so I think that is the result of the activities on the network expansion.

Moderator: Thank you. The next question is from the line of Kritika Jain from Sequent Investment. Please go ahead.

Kritika Jain: Sir, can you share a broader picture on the export market for the coming quarter as the exports are picking up?

Gautam Seth: Yes, surely, since last years we have seen the export market pick up pretty well, but also that was despite the COVID restrictions what were there throughout, but now since the overall global markets are opening up, so we do expect an even better growth going forward. What we have done since the last two years is that we have expanded our product portfolio going into the international markets, there is a lot of focus on testing and certifications happening. In fact, in the next quarter, we expect our entire range of domestic products, be it the MCBs, the RCCBs, to get a global certification. It has almost done, the last few days are left, so in a way we are very strategically, we have been working since the last two years on our product range the go to market strategy and therefore we have been penetrating. With the COVID behind us, we are seeing that within the next few months, the exhibitions and the travel is resuming, so that would again help us to reach out to the global market. So, in all, we expect at least for the next one year, we do expect the overall business to pick up in the export side as well.

Kritika Jain: Sir, also could you share your capacity expansion plans given that there would be an increase in tenders and orders?

Gautam Seth: In terms of our capacities, we have been operating them at 60 to 70% depending upon the various product lines and the range. Now, if you see broadly, we have in the past built up our capacities and we have been efficiently utilizing them. Only certain routine CAPEX needs to happen, but otherwise, broadly our capacities are in place. In terms of, if you see specifically in the wire and cable segment, we have seen an increase in the capacity utilization. We still feel that even in the next couple of quarters, we will really be going beyond that as well, beyond the current levels, probably there we are even a little above 70% of our capacity. In terms of metering, which is the main product we can easily be around 60% of our capacity, but in the past sometimes we have even enhanced those and today we can do even more than 1 crore meters, more than 10 million meters in a year. So, in terms of our capacities, we already have those capacities in place. In fact, in meters, we have even automated certain parts of our smart metering lines, so we are fully geared up for the opportunity which we see coming ahead. When you look at switchgears and lightings, again the capacity utilizations as and when our sales are going up, the capacity utilizations are definitely improving here. So, when we look at it, the business will go up by over 20% in the next year, so I am sure the capacity utilizations would even get better from here.

Moderator: Thank you. The next question is from the line of Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia: Sir, little bit dwelling on the meter segment part of your business, in the presentation, you have highlighted that the pipeline is of Rs.10,000 crores, that is what I to understand how much period do you are talking about from the tender pipeline because earlier we used to give Rs.2000 to 3000 crores was a range for a three-month period, so that would be first question?

Gautam Seth: If you look at the way the tenders are coming out under the various schemes, these are all coupled with various services which are attached to that, so these are more coming out now as a system, but if you look at the overall tender enquiries which are coming out or the tenders, so these are huge. There is a huge change in the overall scenario in the last 3 months, although, in terms of actual orders coming out, there have been a couple of them which have been finalized, but still a very small portion only has been finalized, so a lot of it is very active. The Government has come out with a lot of guidelines even on the standard bidding documents and other things, assuring a lot of guarantees. and the vision and the push is very clear by The Government and the state governments have a strong vision and push to come out more tenders. So, going forward, we will see certain exceptional rises in terms of the tender activity, as well as the orders and some of these orders, do have a lead time or even the execution time stretches beyond a year. So, that is how it is going to come out. Of course, it is just an estimate from our side, but if you look at the industry estimates, what was there about 6 months back and what is today. Definitely, there is a huge increase in that and I think this is still a very conservative figure. As we go ahead to the next year, by mid of next year, probably this figure could be much higher.

Harshit Kapadia: And sir, this is only smart meter as a product or smart meter plus solution included in Rs.10,000 crores?

Gautam Seth: No, it is with the solution, so with the IT infrastructure or the software or the services or the maintenances which are involved with that. This does involve the entire thing happening here. So, any tender which comes out which is under evaluation and if the services are also being evaluated, then yes, it includes that amount.

Harshit Kapadia: And how much would be smart meter as a product within this, if any ballpark number you can suggest?

Gautam Seth: It is sometimes a little difficult to give a ballpark figure, but yes, if you were to assume something for may be a 60 to 65% could be the meter cost as it is and then there are the additional services which may extend even to a longer period.

Harshit Kapadia: Follow up question on the smart meter is, in the budget also, there was a large amount of import duty hikes for the meter as well as on the component side, so I just wanted to get some perspectives of the overall smart meter market in India, how much is imported? Do you have any sense on that, Sir and in HPL also, how is it manufactured in India, how much is import done by HPL, if you can share some insight that would be helpful?

Gautam Seth: So, if you look at the budget what has happened, the smart meter, the Government has put in duties of 25% on the smart meters, so that is of course, in line with the Government's initiative of Atmanirbhar Bharat where they would like the smart meters like many other things to be manufactured locally. So, I think that broadly make sure that the smart meters, whoever supplies it, would be manufactured in India. Also, what the Government has done is that they have picked up almost 6 to 7 critical components and over the next 3 to 4 years they have given out the way that how the duties would go up with that, so that these eventually, the incentive is that these components also would be manufactured in India and I think that is a very positive step by the government to encourage the local manufacturing and I think that is where we as a Company stand to gain. So, the government has done that in a very positive manner. Now, as a Company we are very well backward integrated, we do complete electronics, complete plastic manufacturing, so entire fabrication, everything happens, what we are dependent upon outside and on imports is the electronic components and the semiconductor chips. So, that comes from outside, but otherwise as manufacturing, whether even if there are certain critical components, so there are already companies and various supply chain OEMs who are doing the manufacturing in India, so although there are people who were still importing it from outside. However, with the Government's new initiative of increasing the customs duty and encouraging the local manufacturing, this would eventually get shifted to India. So, I think it is a very big positive for HPL Electric with the move what the Government has done in the current budget.

Harshit Kapadia: I just wanted to check on the costing part of it, so with this increase in this 25% the increase in the cost, now are we par with the import what we are manufacturing in India or the manufacturing cost is a bit higher than import cost?

Gautam Seth: Of course, we have no data on what people or who were importing, but one thing for sure that with the 25% customs duty which will be effective from 1st April 2022, with that the meters coming from outside will not be competitive for sure, so the shift would come back to the manufacturing happening in India, so I would say to make in India would be much more competitive than to just import it like this and apart from that there are also another 7 components where the cost would start going up. So, that again will make it much more beneficial for people to start manufacturing here.

Moderator: Thank you. The next question is from the line of Kritika Jain from Sequent Investment. Please go ahead.

Kritika Jain: Sir, just one more question from my side basically what are the measures that we are undertaking to strengthen our brand visibility given the fact that B2C contributes to over 50% of our topline?

Gautam Seth: We have been doing a lot of activities, but I would say post lockdowns and the COVID, we have on a short term changed our advertising and the business promotion strategy, so we have been working on the local level, a lot of meets happening, whether they are electrician or retailer meets, lot of local activities we have been doing it looking at the way the COVID lockdowns were there and other things. We felt that was good. We have even invested in a lot of marketing executives going and reaching out to the retailers to the end consumers, so a lot of activity was based on that and on local level state wise publicity happening, so I think that has given us good results. If you look at the last 6 quarters, there has been a good increase quarter-on-quarter in the entire B2C business. So, going forward, although these activities would continue, we will look at the way the situation is coming out and then look at any bigger ad spends here. So, our aim is of course digitally we have been very active right throughout the lockdowns and all throughout, so in every kind of social media platform, how to engage with our consumer, sending them mailers and other things, those have been pretty active because we feel that the way of doing business has since now people, there are different ways to reach out to the end consumers, so this is something which we have been really looking at it. So, overall the distribution system and the retailers and the dealers have also been increased, so a lot of direct activities have happened here and I would say for the near term future we will be continuing with some of these initiatives only and to reach out to the brand. Once the overall business is at a much more sizable level or the markets are good, but overall the market demands are back in the market, the market is good, so as we see more and more sales coming through and the growth happening, definitely we are open to investing into the brand in a much bigger manner.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to Mr. Harshit Kapadia for closing comments.

Harshit Kapadia: We would like to thank the management of HPL Electric and Power for giving me the opportunity to host this call and also all the investors and analysts joining for this call. Any last word, closing remark, Gautam sir?

Gautam Seth: Yes, I would just like to add that we look forward to grab the underlying opportunities in both the segments, the metering or the consumer and industrial business and thereby create value for our shareholders. So, I thank all of you for joining us on this call. Please reach out to Dickenson World or to us directly should you have any further queries. I wish you all a great evening. Stay safe. We can now close the call. Thank you.

Moderator: Thank you. On behalf of Elara Securities Private Limited, we conclude today's conference. Thank you for joining, you may now disconnect your lines.