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8th July, 2021

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 26th June, 2021 made by the company about the Conference Call scheduled for Investors/Analysts on Wednesday, 30th June, 2021 at 4:00 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
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serialNumber=052767230d5f1c44b1c2164eefdb84f2c760ac7359949d646e7ce9b91f23d372, o=Personal, cn=VIVEK KUMAR,
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Date: 2021.07.08 13:43:14 +05'30'

Vivek Kumar
Company Secretary

Encl: As above

"HPL Electric & Power Limited Q4 & FY21 Results Call Hosted By Elara Securities Private Limited "

June 30, 2021

MANAGEMENT: **MR. GAUTAM SETH - JOINT MANAGING DIRECTOR, HPL ELECTRIC & POWER LTD.**

MODERATOR: **MR. HARSHIT KAPADIA – ELARA SECURITIES PVT. LTD.**

Moderator: Ladies and gentlemen, good day and welcome to the Conference Call to discuss Q4 & FY21 Results hosted by Elara Securities 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harshit Kapadia from Elara Securities Pvt. Ltd. Thank you and over to you, sir.

Harshit Kapadia: Thank you, Malaika, a very good evening to everyone. On behalf of Elara Securities, we welcome you all for the Q4 & FY21 conference call of HPL Electric & Power Ltd. I take this opportunity to welcome the management of HPL Electric & Power represented by Mr. Gautam Seth, Joint Managing Director. We will begin the call with a brief overview by the management followed by a Q&A session. I will now handover the call to Mr. Seth for his opening remarks. Over to you, sir.

Gautam Seth: Thank you, Harshit. Good afternoon, everyone and a very warm welcome to all of you present on the call to discuss our financial results for Q4 & Financial Year 21.

Before we discuss the Company's financial and business performance, I hope all of you and your family and loved ones are healthy, safe and sound. HPL maintained its strong momentum gain during Q3 FY21 and delivered the highest quarterly revenue in the last 8 quarters at Rs. 308 crores in Q4FY21, thanks to healthy performance in both Metering and Consumer B2C segments. The Company's consolidated revenues surged by 26% quarter-on-quarter and 45% YoY (year-on-year).

The Metering business, as expected, experienced improved performance in Q4 FY21 than the previous 3 quarters due to the rise in inspections and dispatches. The Metering business posted a revenue of Rs. 142 crores, thereby recording a notable growth of 93% YoY and 29% QoQ (quarter-on-quarter). The Company expects good traction in the Meter business in FY22 with an increase in inspections and enquiries. The smart meter segment is a sunrise sector and HPL is well equipped to tap the opportunities present in this segment with growing emphasis on installing the smart meters by the SEBs and the Government.

With a focused thrust on the latest R&D, we are continuously strengthening our smart meter technological base targeting to be the market leaders in the smart meter segment.

The consumer business recorded revenues of Rs. 166 crores in Q4 FY21 registering a double digit growth of 24% YoY and 20% QoQ led by a stupendous performance by the lighting segment and wire and cable segment. The lighting segment revenue surged by 31% YoY and 37% QoQ to Rs. 89.2 crores in the fourth quarter. The wire and cable segment revenue at a healthy rate of 99% YoY and 31% QoQ to Rs. 26.3 crores in the same period. The revenue share of the consumer segment, the B2C segment stood at 61% during Q4 FY21.

We have a diversified portfolio of electrical equipment catering to various needs of the markets and are confident about the long term growth trajectory of the consumer segment fueled by pick up in the economic activity, improved consumer sentiments and increased government funding.

The Company's order book stands at Rs. 704 crores ensuring revenue visibility for the current year despite the lockdown in the first quarter of the current financial year which has caused a few disruptions. We have recently won an order of over Rs. 372 crores for switchgears, wires and other related accessories enhancing our position as one of the leading electrical equipment manufacturers in the country.

Another area where HPL is looking to capitalize for future revenue growth is exports. We are happy to disclose that the wide product range of HPL backed by world class in-house R&D capabilities helped to gain 69% YoY growth in exports.

Our EBITDA margin grew by 62% YoY to Rs. 44 crores in Q4 FY21. The EBITDA margins expanded by 146 bps YoY to 14.2% during the quarter owing to various cost rationalization initiatives and the implementation of lean methodology. We also witnessed improvement in the EBITDA margins during FY21.

Our PAT grew to Rs. 14 crores in Q4 FY21. The PAT margins expanded by 337 bps YoY to 4.6%.

HPL incurred a low CAPEX in FY21 and hopes to maintain its low CAPEX stance as it has adequate capacity for fueling its future growth.

Looking beyond the short term challenges, the Company is having huge opportunity in the smart metering and consumer segment. HPL is armed with a diverse product portfolio, state of the art technology and capacity for tapping the opportunity in the industry.

The Company continues to focus on widening and strengthening its touch points and distributor base as it remains positive on the growth trajectory of the consumer segment. Overall, HPL is confident of growing and creating sustainable value for its stakeholders.

I would now request the operator to open the floor for Q&A. Thank you.

Moderator: Thank you. We will now begin with the question and answer session. The first question is from the line of Vijay Sarda, an Individual Investor. Please go ahead.

Vijay Sarda: Sir, just wanted to understand how things are shaping up on the metering side. The government orders got delayed on account of COVID as well as there were some bit of slowdown when you spoke last. So, are those orders now coming or how is the RFQ happening there, if you can dwell more on that smart metering that will be great?

Gautam Seth: When we look at the metering business, I will just take you back about a couple of quarters. Since the last lockdown, the meter business started very slow, by the time we came to the third quarter the activity have started picking up. We had also talked about the fourth quarter being a good complete quarter for the metering. So, in terms of revenue, in terms of orders and even activity with regards to the tendering has picked up during that time and it was expected to continue on that time. When we look at right now the tendering enquiries, I can say it is probably at an all-time highest right now in terms of the number of tenders. In terms of the smart meter tenders,. we are currently seeing tenders and enquiries coming out from the central government for the smart meters and as well as various state governments which have come up with the smart meter tenders. This is over and above the regular meter tenders which are already in the float by the various state governments. So, in terms of activity, in terms of the tender which have come out and which are under evaluation that activity is on quite a high right now. When we look at the order closures, there we have seen certain slowdown during the first lockdown and also during the past two months where most of the things, due to the lockdown the second wave, not much activity has happened in the utility side. So, most of the ongoing tenders have been postponed. Nevertheless, we estimate by the second quarter or third quarter most of these tenders would get finalized and if that happens it would be a fairly very large number of tenders that are getting evaluated. If you see HPL Electric meter business, we had a fairly good Q4FY21 and our order pendency as on date is almost Rs. 293 crores, which is also fairly decent in that. Going forward, the business seems to be good. There would be a lot of tenders which are coming out. So, then medium or a long term it is good. When we look at the two months which are April and May 2021 which have gone by, there of course the activity has been very low and that has been disrupted due to the second lockdown.

Vijay Sarda: I just wanted to understand, firstly, out of the enquiry that you said, if you can put a number to that, secondly what is the ratio between the conventional and electronic smart meter and third what is our kind of winning ratio if we bid for a certain project, means what is our, like are we wining 20%-25% for the bidded portion?

Gautam Seth: If you look at in terms of the pending enquiries, I can just put an estimated value because that would be anywhere between Rs. 2,000 crores to Rs. 2,500 crores. However, with smart meters the value goes much higher. In terms of the enquiries, it is about almost 50:50 currently in terms of the smart meter and the conventional electronic meter. That is how the breakup of the orders or the enquiries are.

Vijay Sarda: And in terms of this order, mostly are from the central government or mix of state governments? So, Rs. 2200 crores you used to say is all about conventional or put together both?

Gautam Seth: No, it is put together. It is an estimated value because the value is finally determined by how the tender, how are people quoting and the final orders what they are giving, but approximately this would be if you compare with the last couple of quarters. I would say the enquiry level is at a much higher level and it could be anywhere between Rs. 2,000 crores to 2,500 crores, it can be even more than that.

Vijay Sarda: And Sir, what is our winning ratio in this?

Gautam Seth: We have been maintaining an over 22%-23% winning ratio that is what has been estimated by Frost & Sullivan and other reports. But roughly, I would say going forward we would look at a 20%-25% share in the smart meter market.

Moderator: Thank you. The next question is from the line of Karan Sharma, an Individual Investor. Please go ahead.

Karan Sharma: Two days back, on 28th June our finance minister has announced Rs. 3.03 lakhs crores on reform for power distribution schemes, which includes 25 crores smart meter. Can our company also get some of these related orders like directly or indirectly? And my other question is we received a notification few days back like approval in production clearance from a private distribution company. So, I would like to know the entity of this private distribution company, why do we need some approval from a private distribution company?

Gautam Seth: If you see the government has announced some kind of health and support to the discoms to the tune of Rs. 3,03,000 crores and that is based on the reform-based result linked power distribution scheme for the discoms. And this of course is based on individual discoms matching up to what kind of results they are doing in the reforms. It is also for purchasing certain equipment which are like smart meters, feeder pillar and other overhead lines. So, the smart meter has been a very important aspect for the central government to improve the health of the overall utility. The figure what we have been always talking about, the bigger opportunity of smart meters is for this 25 crores smart meters which need to be installed. So, they have just reiterated the importance of that and also given out a way of funding to the various discoms, out of which about Rs. 97,000 crores will be the central share and the balance will be at the state level. The fine print details are awaited but it will help the utilities in terms of liquidity and will help equipment suppliers like us with a better and more steady cash flow.

The other thing regarding the use of the NB-IoT. I will just explain that. The smart meters are using various forms of communications, be it RF technology, cellular or other things. This is the first time being used in India where through a cellular operator, a company like us and a private utility we have worked together to create a much more robust and much more efficient way of communication through the narrow band IoT. With NBIoT, the communication will be much more robust, steady faster and it can carry more data. And with this the meter gets connected, directly to the cellular tower and thereby gets transmitted to the server of the utility. So, in the long term it is going to be much more economical. HPL got the approval as it was a new technology which is tried and tested. The Company has integrated it after working with the cellular provider, Reliance Jio, with whose technology we worked on this integrated with our smart meter and with the utility, the IT infrastructure and the software and in the long run we feel that this will become a reference for even other utilities adopting this technology.

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

Kritika Jain: Sir, my first question is do you expect the revenue momentum that HPL has gained during Q4 FY21 to continue in FY22 and my second question is how do you see exports business potential? Kindly explain how your R&D strength is aiding you for export markets. Thank you.

Gautam Seth: Thank you, Kritika. In terms of revenue, we have seen a steady increase in revenue right from the second quarter. There has been momentum across our product line and various business segments. We see the momentum has gone on to increase right from Q2FY21 to Q3FY21 and thereafter as well in Q4FY21. When we look at the Q1FY22, unexpectedly and something which was beyond anyone's control, we have seen almost the first two months getting lockdown and getting washed away. So, the momentum has been broken right now but looking as we go ahead, in Q2FY22 we see the revenues to come back to, hopefully to the pre-COVID levels and that is what we see. Since the last lockdown, it took us almost about 6 months to come back. But I think this time with already our prior knowledge and the way we have seen the pandemic behave we would look to comeback much faster than this. I believe that in the consumer segment there is a pent up demand right now which will get unleashed. So, the revenues will pick up definitely. On the metering side, we are already having the orders backhand, so some more activity is already starting in June. So, by the next quarter well within Q2, we hope to see the revenues come back. Overall based on the last 12 months of working we have been quite bullish and positive on the overall business scenario. Our internal workings as well our products in terms of sales and in terms of the marketing and the reach to grow. So, we would continue to maintain that positive outlook barring the two months which has gone by due to the lockdown. In terms of exports, despite the various lockdowns that we have seen last year, we still have been able to maintain a steady order flow and sales in terms of our international business. This was possible as we were working on various technologies during the last two years. We have been investing in a lot of new products and reaching out to almost 45 countries. So, we are dealing with various international standards, there are a lot of local requirements in each country which need to be adapted to. So, our high technology products coupled with the kind of manufacturing infrastructure that we have which can adapt and change the products as per the customer need has helped us to penetrate in the market. We have been growing in the last two years, but this year post the lockdown, we saw much faster growth. Going forward in this year we expect our export sales to rise exponentially. We are already experiencing a good first quarter as well. So, hopefully, we can develop this segment in future keeping the international business in mind and look for better revenue and margins from this business.

Moderator: Thank you. The next question is from the line of Harish Shah from HS Capital. Please go ahead.

Harish Shah: I have two questions from my side. What is our current overall capacity utilization? How can we maintain our low CAPEX stance and can you guide us when can we go for the next capacity expansion plan?

Gautam Seth: Currently, we can say our capacity utilization is anywhere between 70%-75%. Over the past couple of quarters, we have seen an improvement in our capacity utilization and Q4 has been a much better quarter in terms of capacity utilization. As I said in my opening remarks also, the CAPEX has been at a little lower end in the last financial year because earlier in the previous 2 to 3 years, we have been doing substantial CAPEX which has increased the overall business. In the coming years, we are focusing on a lot of new products and new ranges. So, going forward, we just hope to see the maintenance CAPEX and not any major CAPEX to happen in FY22.

Harish Shah: So, the maintenance CAPEX would be again in a range of Rs. 15 to 20 odd crores?

Gautam Seth: Yes, it should be around that.

Moderator: Thank you. The next question is from the line of Vijay Sarda, an Individual Investor. Please go ahead.

Vijay Sarda: Just wanted to understand the overall working capital cycle. So, what we have been seeing in our company throughout that the working capital cycle is very high. So, if I look at the receivables as well as the inventory which more than Rs. 950 crores whereas our turnover last year was around Rs. 875. So, I am just trying to understand how we are trying to better it and what is it going to be going forward?

Gautam Seth: If you see the nature of the business we are two larger segments. One being the metering which is primarily supplied to the utilities and the other is on the trade side which goes in through the dealers and distributors. So, one needs to understand both these segments in much more detail. If you look at the utilities, our normal debtor period is anywhere between 6 months. During these periods of sporadic lockdowns, we expect it going up by another 30 days. So, this is how the business has always been. In terms of the inventory, basically, we have seen the raw material cost only going up while the WIP and the finished goods have been lower. Now, here we have been focusing on two aspects. One, a lot of new products are under development which we have seen in the fourth quarter. During the lockdowns, we have put in a lot of internal focus because we felt that if the markets were not completely open. We could have done a lot of work on the new products and even the procurement and the production have started. So, when you look at the orders which we get from the metering, here we normally like to cover the electronic procurement especially the ICs and others where if you understand globally there has been certain IC shortages across the world. So, right now for any confirmed orders, we have tried to procure the entire lot. The nature of the business also involves the pre inspection clause where a lot of material has to be ready completely then offered for the inspection and thereafter the dispatches happen. So, the nature of business is like this. In terms of when you look at the consumer business, the debtor period has been relatively much better. We have made a lot of considerable progress on that by introducing channel financing and other things during the last couple of years. During lockdowns, we have seen the number of days go back in certain stages going up and then coming down. But I think that is something of about temporary phenomenon and as we go forward the debtor days would again come back. The two lockdowns have to some extent increase the debtor days, especially from the channel side. So, when we look at the increase in right from the third quarter to the fourth quarter, although the business has gone up, the overall credit cycle, the working capital has remained quite stable and if you look at even, looking at even the debt equity ratio we have been able to insert better rate and maintain it around 0.74. So, that is still at a healthy level. But yes, continuously we have been working on it and in future also we hope that the working capital across the business segments would improve.

Vijay Sarda: In the past also we were at 150 days in terms of debtor days and currently we are at 215 days last year and there may be some impact of COVID. But as your B2C mix is improving, this should go down rather than it is increasing. So, I am not able to understand, this year maybe slight aberration, but last year was also on the same count. So, I am not able to gauge where things are getting.

Gautam Seth: Yes, I will answer that. If you look at the sales of the last year, the majority of the sale has happened in the fourth quarter, almost more than 35% of the sales have happened. So, in absolute terms, if you look at the debtors, they are at a high level, but they are freshly billed in the fourth quarter. So, that is how it remains. So, about Rs. 512 crores of debtors, almost inclusive of GST almost Rs. 356 crores has been billed only in the last quarter. So, in terms of that, because we are not seeing the spread of sales very evenly. As the first quarter of course was very low because of the lockdown, but when it picked up in the second quarter, but the majority of the sales you look at, if you look from that point of view, in absolute terms it that would get justified.

Vijay Sarda: Are we looking at the kind of growth that you are talking about?

Gautam Seth: No, what I am saying is, the sales of the last year has not been even on a quarterly basis. So, we have a majority of the sales happening only on the fourth quarter. So, that is why the debtor in absolute terms at the end of the year is at a higher level.

Vijay Sarda: And what about inventory, sir do we need to give inventory also on a higher side because inventory is also quite high considering 0.5 times of the sales.

Gautam Seth: So, to some extent, as I said the nature of business is such that we need to maintain especially in the electronics, especially because there is a lot of business we do where the orders are coming up firm prices and with firm specifications. So, sometimes yes we have been keeping a larger inventory, but time and again we are relooking at that and hopefully we look at it that we should be able to manage with a much better working capital cycle as we go ahead on the growth.

Vijay Sarda: And Sir, just last thing in terms of this inventory turn, do we see inventory turn going up to 3-4 times or it will remain like 1-1.25x or 1.5x?

Gautam Seth: As our consumer business is also, the ratios are going up, but ideally at least we should be able to have an inventory turn of at least 2.5x, I think yes, there is a scope of improvement on that, and we have been doing that. We have been working on that, I am sure we should get somewhere there.

Moderator: Thank you. The next question is from the line of Priyadarshi Srivastava from Monarch Networth Capital. Please go ahead.

Priyadarshi Srivastava: I just wanted to understand what will be the margin difference between a conventional and a smart meter, sir?

Gautam Seth: I will give you the unit cost and other things, the budgetary cost, that will give you some idea. So, overall if you look at it traditionally our metering business is anywhere between 16% to 17% from the normal conventional electronic meters. When we look at the smart meters coming in, we can see that probably rise to 20% to 22% in terms of the margin. So, the scope is there, but one needs to also understand that the smart meter is dependent upon the respective specifications of what each utility is doing. So, right now if you look at, there is a central utility that is out with a tender. But there are also various state utilities that have come up with their respective specifications. So, the margins based on the specifications could vary between each of them but broadly the unit cost which normally is let us say an Rs. 1,000 for a single phase meter, the conventional meter goes up to Rs. 3,000-3,500 in a smart meter. Similarly, if you have the 3 phase meter being around let us say Rs. 1,700 to Rs. 2,000 in a normal 3 phase meter, while if you look at the smart meter, that may probably go up to even Rs. 4,000-4,500. So, the per unit value goes up and that has a bigger opportunity for us to gain on the margin. And then this we are talking about the smart meter, but there are other aspects whether they are of the communication or the IT infrastructure which are related services which get attached to the smart meter. So, the business potential, so although we will see the quantities go down, but the values will really go up per unit value and the margins should pick up.

Priyadarshi Srivastava: Sir, my second question is, are you are bidding for any big project globally, some big tenders or something for the coming financial year, this current financial year?

Gautam Seth: Currently, as I said earlier, there are very large tenders and enquiries floating around from the central as well as the various state governments with regard to the metering product.

Priyadarshi Srivastava: I meant not in the country within, but for the exports market.

Gautam Seth: No, in the export market, right now we are focusing on normally the trade market, except the SAARC countries where we are participating in the government tender. But other than the SAARC countries currently we are not participating directly in any of the government tenders globally. I think it will take some while because it is a different ball game and as we progress further in that then we will probably take it up at the right time.

Moderator: Thank you. The next question is from the line of Shriram Gurjar, an Individual Investor. Please go ahead.

Shriram Gurjar: I have a question regarding your order stands at about Rs. 700 crores and you have 63% business coming from B2C and 37% from B2B as mentioned in the presentation. So, this order book, can it be broken down into B2B and B2C segments, if possible?

Gautam Seth: If you see the B2B segment, we are very clearly giving it that that includes the meters for the utilities as well as the orders coming in from the central government agency which is the EESL. Now EESL is of course a very large procurement agency by the government. So, that is what we are classifying as the B2B and normally if you have to just do a simple thing, almost the Rs. 300 crores of meters orders are all from the utility barring maybe Rs. 5 crores or Rs. 10 crores which could be from the trade market, the balance are all orders from the trade or different, it could be various projects or other things which we are right now classifying as non-meter in that. So, that is it. Of course, the large order which we have got for the low-cost housing are all classified into switchgears and wires.

Moderator: Thank you. The next question is from the line of Harish Shah from HS Capital. Please go ahead.

Harish Shah: Sir, you have stated that our debt to equity is around 0.7:1. So, do you have any debt repayment plans?

Gautam Seth: When you look at the debt, immediately we don't see coming down, although we will like to have a strong growth keeping the debt at a similar level. But on a longer term at least we do see or we are now working out that how our, at least the consumer business can become debt free in maybe less than in the 3 years – 4 years going ahead. But right now that is something what we would like to have. Of course, it requires a lot of strategizing and working. But I am sure in the long term we should be able to work out something and at least looking at the way that kind of business is structured, we should be able to work out and come with a way. Anyway, our long term debt is very low. The entire borrowing is more on the working capital which is again based on the current business and based on the stocks and debtors.

Harish Shah: And sir, there is one more question if I may be allowed. Sir, our EBITDA margins are in the range of 14%. So, do you see any, is there any scope of expansion in the coming years?

Gautam Seth: If you look at from the last couple of quarters, I think few quarters we have started coming up to 13.5%-14%, earlier it was at a much more subdued level. So, although as a company we are always striving to improve our margins and look at it in a better way, but on a sustainable level, I would say, yes 13.5%-14% is right now looking at that because one has to also keep in mind that globally there has been certain commodities going up and even with the cost of business going up in various thing. However, post the last lockdown, internally we have put in a lot of different programs where we are looking to have a much leaner organization and manufacturing, even reviewing all the operational costs. So, therefore we are able to maintain or even grow the EBITDA margins. So, right now on a sustainable basis, I would say 14% is something what you would see in the coming quarters.

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

Harshit Kapadia: A couple of questions from my side. Just wanted to check with you, in the initial remarks you mentioned that you expect some pent up demand post the Q1. Do you find that there would be a difference in the demand recovery that we have seen in the first lockdown and possibly the second lockdown would be much lower, is that something that you read from your market?

Gautam Seth: Yes, I would say there would be a certain difference, because last year if you look at the rise in demand was almost very sudden as we started in May or June, so the business grew up. It would have grown based on two factors; one, a large pent up demand being there. Second, that the unorganized segment, that business started getting converted to the much more branded and the organized players. So, companies like us also gained. Right now, when we look at this one there would be a pent up demand because although certain industries have been working but a large part of the market was still closed and then the effect was in two various states. Like, we have seen even Kerala, Tamil Nadu or even Maharashtra being extended the lockdown and then parts of the country as well. So, the pent-up demand would definitely come back. But maybe the shift from the unorganized to the organized may not happen in the second lockdown. So, there could be a change in the demand pattern which will come out. But I think with everyone looking at the business activity to resume, so I would still be quite optimistic on this and look at that the business would pick up and I think with our teams also gearing to go, I am sure we are looking at the things very positively. Only if, like a third lockdown down the line happens that could affect, but otherwise, on a normal term, we are looking at a good double digit growth, I think that should be easily possible under the present circumstances.

Harshit Kapadia: At the start of the quarter, as at the end of March, you may have estimated that FY22 should grow by X amount and because of this second lockdown it would have hurt a bit, May and June. So, by how much is your expectation come down, sir? Can you give a sense for FY22?

Gautam Seth: Maybe to just quantify a number may be difficult. But the sense what we were getting when we were in the fourth quarter, right from January to March 2021, that we were expecting very good growth across all our product segments. Overall, there was quite a feel good in the market. We were well-positioned in the market. Now, of course, we have had two months almost with the very low sales and with now June also coming up, so Q1FY22 will be better than Q1FY21, but still, it will be a subdued quarter. We are looking at at least 15% growth in this year, net-on-net despite losing two months due to lockdown, we still maintain a good rate going ahead. Originally had this lockdown not happened, then we would have probably been looking at a much higher growth for sure.

Harshit Kapadia: Second thing is commodity inflation. We have seen companies within your sector taking significant price hike. And sir, you would have taken price hike. Are you completely covered at the gross margin level or do you expect some more price hikes to happen possibly in July or August 2021? What is your take?

Gautam Seth: We have been continuously passing on the rise in commodity prices as it needs to be tackled based on different product segments. So, if you look at the wires, probably since the last one year we must have had maybe 8 to 10 different price increases happening. The price increase is happening with a time lag. So , as the increase happens, maybe by the time it gets passed on to the channel and the customer, there could be a certain gap. But continuously that has been happening, even switchgears we have had the price increase almost two times in a matter of almost 4 months. I would say right now looking at the current pricing, what is going on, we have done the price increases and there is nothing that is pending from our side. But then it depends on how the commodities react. If it again goes up, definitely we will also have to review the pricing once again.

Harshit Kapadia: Sir, what would be the quantum of hike you would have taken in your wire segment and switchgear segment put together any sense?

Gautam Seth: In the switchgear segment, of course, we are talking about 100s of SKUs, different varieties of them, but in both of them you can say almost ranging from 10% to almost 24% in two different lots. So, the prices have gone up depending up on the impact the commodity placed on the product segment. Similarly, the wires segment has a higher hike. The price hike is between 3% to 5%, but the frequency has been much higher in the wire segment. Last time also I have said in the last call that after many years we have seen a certain increase happening even in the lighting segment, because LEDs over the years are seeing the downward cost trend. However, we have seen certain increases happening for the LED products as well in FY21.

Harshit Kapadia: And sir, just final question from my side on the large order that we receive from the new housing project in Andhra Pradesh, by when it will be executed completely and second what would be the margin, will it be at the similar margin which you have or it could be margin dilutive, sir?

Gautam Seth: In terms of the dispatch schedule, we would expect about 50% of that to be executed in the current year and the 50% goes to the next year. In fact, I think since we have got it, because of the lockdown almost two months the whole process is you can say shifted by about, almost by one quarter. We are anticipating some more lockdown or certain delays happening, but broadly you can say about 50% of that should get executed within the current year. So, in terms of the margin, I would say we are, because these are larger orders, and this is a good opportunity to play on the economies of scale. So, we have been working on it. But I think roughly we should be able to get it in line with our existing margins across the various segments.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Harshit Kapadia for closing comments.

Harshit Kapadia: We would like to thank Mr. Seth for giving us an opportunity to host this call and answering all the questions very patiently. We also thank all the investors and the analyst for joining this call. Any closing remarks, sir, that you would like to highlight for HPL for the year?

Gautam Seth: So, I would like to thank everyone for coming out and attending our FY21 Earnings concall. I would just like to reiterate that HPL has a strong product portfolio, and we are likely to benefit from the growing smart meters and the B2C segment and simultaneously create value for our esteemed stakeholders. You can reach out to Dickenson or us directly, if you have any further queries. So, I wish you all a great evening and stay safe. Thank you.

Moderator: Thank you. On behalf of Elara Securities Pvt. Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your line.