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

29th November, 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 10th November, 2021 made by the company about the Conference Call scheduled for Investors/Analysts on Wednesday, 17th November, 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
DN: c=IN, st=Delhi,
2.5.4.20=3eb36823c8b414e7e934f2e0af3da0106
41437e49524495d66b6b358709bf23f,
postalCode=110095, street=A 125 S 1 DILSHAD
COLONY,
serialNumber=052767230d5f1c44b1c2164eefdb
84f2c760ac7359949d646e7ce9b91f23d372,
o=Personal, cn=VIVEK KUMAR,
pseudonym=3a256b36c3f5ad54f1e1d2c8a2d5d
b56
Date: 2021.11.29 12:45:37 +05'30'

Vivek Kumar
Company Secretary

Encl: As above

"HPL Electric & Power Limited
Q2 & H1 FY2022 Earnings Conference Call"

November 17, 2021

ANALYST: **MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to the HPL Electric & Power Limited Q2 and H1 FY2022 Earnings Conference Call hosted by Elara Securities. 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 the 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 Private Limited. Thank you, and over to you, Sir!

Harshit Kapadia: Thank you Lizaan. A very good evening to everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY2022 and H1 FY2022 conference call of HPL Electric & Power Limited. I take this opportunity 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 Q&A session. I will now hand over 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 in this call of HPL Electric to discuss the financial and operating performance for the second quarter and six months ended financial year 2022. I hope all of you and your family are safe.

The company experienced robust growth in both the metering and the consumer and trade segment with phase wise opening of the economy post the COVID-19 pandemic. To give you an update on Q2 FY22 performance, the Company's revenue grew by 22% year-on-year to Rs. 280 Crores during Q2 FY22. We have experienced secular traction across segments during Q2FY22 following phase wise opening of the economy coupled with the government's aggressive COVID-19 vaccination drive lifting consumer sentiments.

EBITDA during the quarter stood at Rs. 32.4 Crores. The EBITDA margin contracted by 341 basis points year-on-year to 11.6% impacted by increasing raw material prices led by the rise in metal prices and industrial plastics coupled with global chip shortages. Our cash profit stood at Rs.16.8 Crores during Q2 FY22.

Discussing our segment wise performance, the metering business gained momentum with the rise in inspection and enquires with the opening of the economy during the second quarter. The metering segment revenue grew by 22% year-on-year to Rs. 114 Crores.

We believe this momentum will continue during the H1 FY22 with the government's impetus for installing 25 Crores smart meters across the nation of which more specifically 10 Crores smart meters are expected to be installed by December 2023.

I am delighted to share that HPL Electric has an order book of over Rs. 250 Crores for smart meters, which are likely to be executed in the coming quarters. The consumer and trade segments surged by 20% year-on-year to Rs. 175 Crores backed by positive consumer sentiment during the festive season in Q2 FY22. The switchgear and wire and cable segment grew by 53% year-on-year to Rs.64.4 Crores and 35.3 Crores, respectively.

The non-meter, consumer and B2C segments enjoys a 63% revenue share of the company's topline in the second quarter. The Company's inhouse R&D capabilities have been making a notable contribution to the business and specifically to the exports. With a lower base HPL's exports grew by 51% year-on-year to Rs. 23 Crores in H1 FY22 with a healthy order book despite of COVID-19 restrictions in several countries. The company foresees huge opportunities in the export market. At present, HPL Electric has a strong order book of Rs. 859 Crores ensuring revenue visibility for the coming quarters.

The smart meter industry is the sunrise industry, thanks to the government's thrust towards allocating Rs. 225 billion for the installation of 25 Crores smart prepaid meters across India under the Rs.3 lakhs Crores power distribution scheme. Additionally, the recent electricity bill 2021 aims to relicense, power distribution, facilitating, the level playing field for private players whereby empowering consumers to select for the service provider. The company is continuously evaluating and bidding for metering tenders in the pipeline. As you are aware HPL Electric has recently bagged smart meter orders was Rs. 179 Crores from the largest private utility in an eastern Indian state. Currently, HPL Electric smart meter order book stands at over 50% of the total metering orders.

The Company is well positioned to take a notable market share in the smart metering space as the industry transitions from the conventional meters. HPL Electric continues to maintain a comfortable leverage and liquidity profile. The Company has adequate capacity for fueling its medium-term growth plans and will continue to have a low capex stance. HPL Electric is in a sweet spot for capitalizing on the smart meters opportunity. The consumer business is expected to maintain its growth momentum owing to the diverse product portfolio, latest technology, enabled R&D centers and strong distribution based. On that positive note, I would request the operator to open the floor for Q&A. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Monika Arora from Share Giant Wealth Advisor. Please go ahead.

Monika Arora: Thank you for giving me this opportunity. Also do you see the EBITDA margins in the range of like 14% to 15% in the medium term like in the quarters to come?

Gautam Seth: If you look at the current EBITDA levels they have a little suppressed because of the fluctuation in the raw material prices. Hence, you will find most of the EBIT margins have been depressed in Q2 FY22. Currently, due to the volatility in input prices across the board specifically, the commodities, electronics, IC has resulted higher cost of raw materials. The supply chain disruption in semiconductors is expected to continue for the short term. HPL's team is putting their efforts to ensure the supplies continuity and keep the raw material prices as low, but still I do not see the EBITDA coming back immediately in the near terms. However, in the long term, yes, we would see the margin improvements happening especially on the meters side. With the rise in smart meters along with solution, we would see a margin expansion coming in. Even other products as the volumes are going up which we have been seeing in most of the consumer products, so the EBITDA level should come back. One more thing, I would like to add is that in the non-utility business we have been able to pass on the impact of the raw material prices, but with a lag to some extent some it just takes some time because the channels are involved and we need to ensure and we also have to see the competitive scenario while we are passing on, but to some extent, we have already been passed on. If the prices remain at these levels they will get passed on so in the near term EBITDA may remain suppressed to some extent, but in the longer term we would find the EBITDA margins to come back to those levels.

Monika Arora: Sure, and how is the traction with the export business?

Gautam Seth: Exports we have been seeing good traction in fact since the first lock down we have seen good movements coming in despite the travel restrictions and the COVID restrictions in many countries. The whole numbers have been encouraging although the base is low. We are seeing a continuous growth quarter-on-quarter, even right now our order book is also good and the enquiries what are right now remaining are also pretty strong. We stick to our statement made during the last call that we do see a good incremental sale coming in through the exports for FY22 and FY23. We have been relatively newer to exports, but the way our R&D has been working and the kind of products that we have so they are all international standard compliant so it has helped us to have a quick penetration into the various export markets.

Monika Arora: That is great and we have seen that HPL has always been on a low capex company, what is the next capacity expansion plan to grow further?

Gautam Seth: If you look at a near term, say 2 to 3 years, we do not see much of capex. In fact, I would say the capex has already been done keeping in mind smart meter opportunities and various other product ranges. We are at a stage where we feel our topline needs to increase and our capacity utilization needs to improved. However, during the last two quarters, we were impacted by COVID-related disruptions in the Q1 FY22 this year and shortage and increase in prices of key raw materials during the current quarter. Otherwise, we have been seeing better traction from the market in Q2 FY22 and the ongoing Q3 FY22. The demand seems to be good, so our short term aim is to have a better utilization of our existing assets and therefore we do not look at any capex immediately other than the maintenance capex, which is going on.

Monika Arora: One last question from side, just an extension to the previous question, we are seeing that our debt levels are already at a very comfortable level, but I just wanted to know that to you have any plans to reduce the debt further in the near term?

Gautam Seth: Immediately, I do not see much reduction though if you compare with September 2020 last year and if you are comparing a year back, our net debt is down by almost Rs. 19 Crores. Right now, assuming if the debts remain the same, we would see a jump in the turnover. I think that is where we would see that and our debt equity ratio is at 0.77:1, which is well below one at a competitive level. However, we are constantly working to improve our working capital cycle although debt efforts are always on and wherever possible we are looking to have leaner working capital and thereby we can reduce the debt, but looking at the strong order book what we have over Rs. 859 Crores and which has very strong revenue visibility over the next 2 to 3 quarters. Weaim to work on the execution of those orders. When you look at based on the revenue and the other things, we would see a much better improvement in terms of the overall ratios.

Monika Arora: Thank you so much for answering my questions.

Moderator: Thank you. The next question is from the line of Kritika Gosh an Individual Investor. Please go ahead.

Kritika Gosh: Thank you for the opportunity. Sir, my first question is regarding the price hike, so that HPL undertake any price hike for any products to mitigate the rising raw material prices and my second question is, which factors led to the higher other expenses for Q2? Those are my two questions.

Gautam Seth: Kritika, if you look at the price hike, the meters of course they are going to the state utility so they are with the fixed price. We have not been able to take the price hikes what were required. However, the new tenders what we have participated in the last two quarters they have taken the price increase as a factor, so the future orders what we expect will have the price hikes taken into consideration. When you look at the other products, which are the switchgear, lighting and the wire and cables, whatever is going to the trade, so there we have been able to pass on a certain part of the hikes to the channel. So, as we go forward as I stated in the earlier answer the price gets passed on only with the lag, so we have been able to do that and as the prices remain so we do hope that even in the future we would be able to pass on the hike adjustments to the trade. With regards to the other expenses when we look at it almost you can say 90% of the other expenses are directly they are relating to the factory expenses for the marketing expenses, so they cover either the power and fuel or the freight expenses or the repair maintenance, testing so these are directly in proportion to the business volume. Also, there are certain advertising and the dealer incentives and others, so most of the other expenses what we see are today directly in proportion to the business what is happening so that is why we do see an increase, but that is quite proportionate to the increase in the net revenue, so that is how it is, post the lockdowns as a company we have become conscious on our overheads and in fact since the last one year we have done a lot of internal projects whereby we have been able to reduce quite permanently a lot of overheads just to bring out a much more efficient and a leaner organization.

Kritika Gosh: Thank you so much, Sir and what is your current market share in the smart meter segment like how much can we scale up further in the coming years?

Gautam Seth: There are no official figures on this, but the smart meter opportunity has just started. So, probably it will be difficult to determine the exact market share, but broadly if you look at the last 5 to 7 years of the regular meter market, HPL Electric has been enjoying anywhere between 20% to 25% of the market share. When we look at the smart meter opportunity, we are hopeful and of maintaining or even growing the market share as we go forward, so of course, it depends on a lot of factors, but our preparedness in terms of the product, in terms of certification, the R&D testing all the work on the back end is fully ready. We are already sitting on orders of over Rs. 250 Crores of smart meters so as the industry is shifting from the conventional meters to smart metering, we are very well positioned in terms of having a higher market share. and that is what we hope to do, but right now you know there is no official figure to that, but as I said it is too early, but as the market moves up in the next 12 to 18 months I think we are well positioned and we hope to grab a much larger share.

Kritika Gosh: Thank you so much, Sir. That is it from my side.

Moderator: Thank you. The next question is from the line of Kamal Jit an individual investor. Please go ahead.

Kamal Jit: Thank you for taking my call. Sir, there are a couple of questions, so right now what is the plant utilization for the quarter?

Gautam Seth: Currently, we can say we are around 70% to 75% as there are multiple products and multiple factories. You go back to the first quarter our utilization was somewhere between 30% to 40% that was of course due to the lock downs and the pandemic, but right now the second quarter we have seen healthy growth in terms of sales and also in terms of the plant utilization. Now, if you see the supply chain especially for the electronics and there has been a chip shortage overall in the metering industry you know it is a global chip shortage, so that has to some extent affected us although our teams have been working overtime to make sure the supply chains are not disrupted. Once that improves, the capacity utilization would go up quite significantly especially in the meters because we have clear orders and the only a part which may disrupt the supply is the chip shortage so something we are working on already so right now it is not something very significant, but yes, I would say it is challenging so that is something which can help us to better utilize the plant.

Kamal Jit: What are our sales to R&D expenditure the cost, R&D this is in the limit cost to the sales?

Gautam Seth: It is about 1.5%, we have a full-fledged R&D center in Gurgaon. We opened it last year post lockdown and there we have over 100 engineers working on smart metering, communication technologies, embedded software, etc. We have people working on the mechanical for the switch gears, complete wiring technologies, lighting technologies and also on various applications, so definitely that is something which is that investment is continuous as committed by the Company. We have seen the results coming as we just completed another Smart City lighting, so there are a lot of work which is going on, but I think about 1.5% to 2% is something what the company is constantly spending on the top line on the R&D efforts.

Kamal Jit: Sir, in your annual reports you have mentioned company is stated as the largest in LED lighting manufacture that is a report of 2015, so what is the status as of now?

Gautam Seth: Of course, we have grown incrementally thereafter but the industry has also grown right. We did check up there are no credible reports, which are published on the LED industry. I am sure somebody probably will do it in the coming time. However, as per the last published industry report, I would say we have probably maintained our capability as we are well backward integrated into our manufacturing. There have been various business models in LED Business where people are just doing trading or other things, but we have been right from an R&D and then not doing the complete backward integration manufacturing. We have done a lot of investment and that is what makes our product very reliable and top in technology. Our focus is on the lighting part and we are seeing the distribution penetration also happening in the market with the lighting sales overall picking up.

Kamal Jit: Sir, like for chip dependency, how much it is in sourced within India and outsourced, what will be the ratio of like we are taking a raw material within India and outside and how you are tackling that with the supply chain management or are you thinking any other source of a chip manufacturer or just only the holding it?

Gautam Seth: I think I partly understood your question as you know the chips sourcing is done all globally because India does not have any IC manufacturing and that is true also for a lot of electronic items, which are all being used overall in the electronic industry in India. Our R&D teams have been redesigning a lot of products and we have found lot of alternate sources which are all acceptable. A lot of effort has gone into it. Our R&D team are really in touch with global suppliers. Despite of the acute shortage, we have also still been able to do certain committed bookings and we are trying to ensure that the impact on the sales is least. As mentioned earlier, it is a challenging time, the shortage is not so significant right now, but yes, we do hope that maybe in the next 3 to 6 months the overall supply part could become much better. We have a strong order book and also the enquiry base which is very strong right now so we can exploit those opportunities. We have been exploring various suppliers and models because each time if one has to change a component the circuit needs to be redrawn, but luckily we have the capability inhouse to do that, so we have been doing everything to make sure that the challenges of the supply disruption are met with properly without making an impact.

Kamal Jit: Sir, in the last call we discussed about PLI whether the company is participating in the PLI scheme or not?

Gautam Seth: No, we have not participated in the PLI scheme because that is mainly for the LED. As mentioned last time, we have already done a lot of capex and right now are we are in the phase where we need to exploit that capex. There are a lot of other incentives are being offered by the government, so in any case soon if there are any incentives and options available at the state level, regarding metering and any PLI or something that comes up on the smart metering side with the enormous volumes what the government is talking about, so we would consider such a scheme in the future.

Kamal Jit: Sir, the last one have you taken recently filing in the last 6 or one year or you are working on IOT devices for smart metering mechanism, so whether the patent will be is it HPL or the telecom partner?

Gautam Seth: I think these are some things which probably we cannot discuss or disclose on this call, but what I can say is that there are a lot of software, communication modules and protocols, which are very proprietary to HPL Electric and we use them. There could be partners in certain smaller things, but the entire solution, software, etc. is our proprietary software.

Kamal Jit: Thanks, Sir.

Moderator: Thank you. The next question is from the line of Ashit Kothi an Individual Investor. Please go ahead.

Ashit Kothi: Good afternoon, Sir. With regards to smart metering what I understood that it is not just the meters which has been provided, you would be offering it as a solution, so how much the meter for sale the cost would be and how much the solution and where is the margins are more, meters or the solution, if the total solution cost is let us say Rs. 2,000 for example from a one individual user point of view I am just saying, now much would solution and how much would be the hardware that is the meter?

Gautam Seth: Sure, I got the question, the exact percentage of course would depend upon the specific requirement by utility, the kind of meters and also the kind of solution and the communication network and other things what they require, but as a ballpark figure one can easily say that the meter would cost anywhere between 60% to 70% and the balance 30% to 40% could be the communications, the software and other related services the SMS what would accrue with that, so it really would depend upon this, but this a broader ratio that would happen.

Ashit Kothi: And since you do not have a fixed price contract, you will not have any cost escalation close into it right?

Gautam Seth: No, there is no cost escalation, but where the other services are there so we are aware on the period of through which these services are to be provided. So accordingly, when one is quoting, one is quoting based on the inflationary trends and other things, these are taken into account while the solutions are being quoted so that is how the industry works and we are working as well.

Ashit Kothi: Now, coming back to earlier participant's asked about capacity utilization if I would go talk about metering, switch gears, lighting, wires, and cables are four categories, what is our installed capacity and what is our capacity utilization on a half yearly or a quarterly basis?

Gautam Seth: It would be a little difficult to spell out each one.

Ashit Kothi: You know all the four are different products or different categories?

Gautam Seth: Yes, I just come to that, if you look at the first quarter because that was disrupted so that will may not be the right reference to talk about, but I would say right now we have seen almost the entire capacity utilization ranges anywhere between 60% to 70%. I would say the switch gears in the last quarter because we have seen a good amount of growth and they could be on a higher side of 70% to 75%, the same with wire and cable, the lighting and the meters were around 60% to 65%, so these are broad figures, of course, most specifically I could have the IR give out the details later.

Ashit Kothi: But our switch gears numbers revenues have fallen even wire and cables also has fallen, right?

Gautam Seth: No, year-on-year there is a growth of 53% in both switch gear as well as wires.

Gautam Seth: The switch gear revenues has increased from Rs. 42 Crores in Q2 FY21 to Rs. 64 Crores in Q2 FY22. Similarly, wire and cable revenues has grown from Rs. 23 Crores in Q2 FY21 to Rs. 35 Crores in Q2 FY22, so there is a 53% YoY growth. The metering segment has registered a growth of 22%. On the other hand lighting degrew by 4% YoY because of certain projects getting pushed back, if you look at the consumer lighting, there is a growth of 25% YoY in the last quarter. So all round if you look at all each of the products in the trade segment and as well as the meter and the utilities, there has been good growth.

Ashit Kothi: In smart metering how are you going to take care of the working capital requirement suppose there occurs a payment issue?

Gautam Seth: The payments from utilities are normally around 6 months. Currently, different models are emerging on the smart meter side where either the payment would be upfront or either on an opex or a capex model or there is a model to which the payments would deferred, but those, of course, it would also require a financing model which the company is currently working on. There are a couple of intermediaries which are emerging to take the financing of their books, so overall the way the smart meters scenario is emerging there is a strong possibility that we could see a better working capital cycle going forward because we see the procurement from the new model starting somewhere in April next year. There would be a couple of system integrators who would emerge, so our supplies as a vendor to them for smart meters could be unhealthy or could be on a much more from payment basis so that may impact positively the working capital, but I think maybe another quarter, more details would emerge and as we see the scenario going we would see an improvement. Right now, if you look at the way the utilities are paying anywhere between I think it is about 180 to 200 days is somewhere where we have the payment cycle.

Ashit Kothi: We have an installed capacity of 11 million meters right that is 1 Crores meters?

Gautam Seth: Yes.

Ashit Kothi: And all of that is smart meter or is it into different categories?

Gautam Seth: No, it is both, but gradually as the industry is shifting from the conventional meters and electronic meters to the smart meters, our capacity is also changed accordingly. If you look at our order book right now more than 50% or almost 60% of the order book is currently of smart meters. However, if you go back even two quarters before it was only about one-third, so generally as the order book is picking up the share of smart meters is becoming much higher. Even if you look at the tenders what we have participated and the new tender which are coming out, I would say the majority share is all of the smart meters, so the industry is in a transition stage and as the industry changes, so our capacity utilization and our adoption, but the way we can adapt a regular line for a smart meter line is not a very, we have those capabilities so it is just a few adjustments which can be done, so not a big capex, which needs to be done.

Ashit Kothi: So, in the smart metering specifically how much orders we have on hand and how much we have already participated in tenders and out of those tenders how much is expected in next two quarters?

Gautam Seth: The pending orders are over Rs. 250 Crores only of the smart meters, but currently the enquiries which are there, the tenders which the there they could above Rs. 5,000 Crores where the tenders are out, most of these are already smart meters, we cannot predict for sure what will be our share in that, but somewhere that you know if you go in the past history this thing we have been doing over 20% to 25% market share, so we are hopeful of retaining that and growing as we go forward.

Ashit Kothi: Does it means that we have bid for all the Rs. 5,000 Crores of tender?

Gautam Seth: Yes, some have bid or some we are in the process of bidding, of course, it takes time you know each tender by the time it comes out and we quote and then things happen it is a couple of months so definitely we are looking at that, so one thing for sure that if you look at the enquiry base which is currently floating all the utilities it is quite on a higher side and this is in line with what the government is also talking about of almost 10 Crores meters to be installed by December 2023, so I think the utilities whether they are the central or the state utility, we are all working in line with the overall guidance given by the government.

Ashit Kothi: And we are majorly into electric meters for electricity and we are also into gas meters and water meters and others?

Gautam Seth: No, right now we are focused on the electricity meters.

Ashit Kothi: We have the capability to add water and gas meter?

Gautam Seth: Yes, we have done a lot of work for development and even up to certain prototype things we have done that, but as we see the market and the opportunity emerge, we can adapt ourselves and come into that market as well.

Ashit Kothi: Sir, I have a couple of more questions, but I will let others continue, I will come again in the queue.

Moderator: Thank you. We will move on to the next question that is from the line of Harshit Kapadia from Elara Securities. Please go ahead.

Harshit Kapadia: Thank you, Lizaan. Sir, I also have a couple of question, first starting in this quarter was very good numbers for you, now would achieve this growth has been returning to pre-COVID levels surplus demand, so, just wanted to assess on the demand side, if you can highlight was it 26% growth, which you have reported for the quarter has there any pent-up demand in this or is it more of now we are back to the normal pre-COVID level in terms of growth?

Gautam Seth: I would say it can be a mix of it, but if you see last year the second quarter and the third quarter could have been more attributable to the pent up demand, but this year when we are seeing we are seeing an all-round growth across all product segments and all geography. I would say it somewhere at least a medium term or long term demand which is emerging out and this is despite the increase in the cost because eventually the cost of raw materials are getting passed on and eventually they are the end consumer is getting burned by those additional costs, but still despite that we are seeing the demand being quite constant going up on a quarter-to-quarter basis so I would say it is a mix of both, the pent up and as well as the regular demand.

Harshit Kapadia: So, continuing with that do you also expect since we are almost one-and-a-half months with the quarter has October also been seeing strong demand, was it much softer than your expectation if you can give a sense on that, the reason I ask this question is because the second half is expected to have a high of these, so are we going to see growth in the second half of the year or do you expect us to be flat?

Gautam Seth: So, we would see growth coming in the second half, but more specifically as you asked on October, it has been a good month, in fact, a strong month from a demand side and sales side for all the non-utility products. Of course, you have to keep it to around that that was the Deepavali month just before so lighting did see a good surge in volume terms, so overall the trend in October has continued what we ended up in September, so overall the direction seems to be positive here, so across all the products whether it is metering, switch gear, lighting, wire and cable. We delivered all round growth in the second quarter a strong growth compared on year on year basis as well.

Harshit Kapadia: That is very good and secondly on your meter segment as you have also highlighted that you will be executing a very large order of Rs. 375 Crores it is not just your meter, but your other business is lying, so how much more time frame this order will be executed and because of this you are expecting strong growth in H2 or excluding this also the demand continues to remain high?

Gautam Seth: So, this order of the housing project that is starting from December onwards, of course it got delayed because of the second lock down, but from now in think in the next maybe 9 months or 12 months that is where this order should be executed. We are seeing the momentum and our supplies would commence from December and thereafter we expect regular monthly supplies to go on.

Harshit Kapadia: Understood and followup on this is do we have any impact margin because of this housing order do you expect some kind of softness in margins or margins will continue to remain in the 14% to 15% level which we have been making?

Gautam Seth: As I said earlier in the Q2 we witnessed strong demand, we have seen good order flow, sales, but what came down over the margins and mainly attributable to the increase in the raw material and input costs. So right now, if you look at the scenario whether if you look at any kind of industrial plastics whether they are nylon, ABS, PBT or polycarbonate or any kind of metal whether it is aluminium, steel or copper everything has been fluctuating or going up. It has been a time of high volatility and we are currently seeing this in this quarter as well, so we do hope that the global situation would become better than the metals and the other thing would often out, but until that does not happen it may be difficult for us to give guidance on that kind of EBITDA although our teams are always making efforts to make sure that the impact of this costs are minimum and we are able to maintain the margins. On a short term basis it maybe difficult as we saw in the Q2, as we are passing on the cost to the consumer the margins will come back to back.

Harshit Kapadia: Does it mean that in Q3 you will continue to take price hikes?

Gautam Seth: Yes, we are already we have seen some price hikes happened in the wire and cable segment. We will relook at it probably in the switch gear and the other trade products and even in the metering products. We would see a price hike probably coming at the beginning of Q4 FY22.

Harshit Kapadia: Understood, and a final question on the metering side as you had mentioned the order pipeline was to Rs. 5,000 Crores and was largely coming from stake utilities, so has EESL is now not going to tender out on the central side or will be given to state utility or is there a change in a structure of ordering just wanted to get a sense?

Gautam Seth: No, the state utilities are the owners of the discounts, and EESL and in tele smart are also one of the AMI service providers, so the model would continue in which the state would like to give it to EESL, but the procurement will be only through tenders it will not be through nomination.

Harshit Kapadia: But the final tender to the company like your competitors will come from EESL, not from state discount right?

Gautam Seth: No, it is not like that, right now what we are talking about the tender pipeline it is primarily from the state discounts directly to us we are directly bidding in the tender.

Harshit Kapadia: Not through EESL, but anything which EESL is doing which can help increase the momentum of Rs. 5000 Crores to maybe Rs. 10,000 Crores because the number of a target of government is quite huge on that perspective?

Gautam Seth: You are right, because the target of the government is very huge so various modalities are being worked out, so that the deployment of smart meters can be speeded up so direct orders in one of the key points in which utility take the benefit of direct supply from the meter manufacturer and it is also through players like EESL in which government of India will be doing the funding. It is also going to be through the EPC contractors and system integrator, so all the three modes are going to be open for the deployment of smart meters can be speeded up.

Harshit Kapadia: Understood, Sir. This was very helpful and thanks for your very good insights.

Moderator: Thank you. Are there are no further questions I now hand the conference over to Mr. Harshit Kapadia for his closing comments.

Harshit Kapadia: Thank you. We would like to thank the management of HPL Electric and Power for giving us an opportunity to host this call. We also would like to thank all investors and analysts for joining this call. Any closing remarks you would want to make, Gautam, Sir.

Gautam Seth: I like to thank everyone for joining on this call and HPL Electric has seen good traction in the metering and the consumer segment and expect this momentum to be sustained for the coming quarters as the consumers sentiment in both is set to improve. We have a strong team backed by a robust product portfolio. We are confident of simultaneously creating value for our steam stakeholders, so I look forward to interact with all of you in the future. In case of any queries, you may reach out to Dickinson World or us directly. I wish you all a great evening. Stay safe, thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Elara Securities Private Limited that concludes this conference call. We thank you for joining us. You may now disconnect your limes. Thank you.