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2nd June, 2018

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

BSE Limited
25th Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy 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 22nd May, 2018 made by the company about the Conference Call scheduled for Investors/Analysts on Wednesday, 23rd May, 2018. 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, o=Personal, postalCode=110095, st=Delhi, 2.5.4.20=3eb36823c8b414e7e934f2e0af3da010641437e49524495d66b6b358709bf23f, 2.5.4.45=032100E234C1A60CCB36368F0C1FF32031C16B9EC4C0C83F861248F1AB5F64A048C162, serialNumber=052767230d5f1c44b1c2164eefdb84f2c760ac7359949d646e7ce9b91f23d372, cn=VIVEK KUMAR
Date: 2018.06.02 11:47:59 +05'30'

Vivek Kumar
Company Secretary

Encl: As above

"HPL Electric & Power Limited Q4 FY '18 Earnings Conference Call"

May 23, 2018

MANAGEMENT:	**MR. GAUTAM SETH, JOINT MANAGING DIRECTOR, HPL ELECTRIC & POWER LIMITED** **MR. RISHI SETH, JOINT MANAGING DIRECTOR, HPL ELECTRIC & POWER LIMITED** **MR. V. R. GUPTA, DIRECTOR, HPL ELECTRIC & POWER LIMITED**
MODERATOR:	**MR. DEEPAK AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the HPL Electric & Power Limited Q4 FY '18 Earnings Conference Call hosted by PhillipCapital (India) 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 '*' and then '0' on your touchtone phone. I now hand the conference over to Mr. Deepak Agarwal from PhillipCapital (India) Private Limited. Thank you and over to you, Sir.

Deepak Agarwal: Thanks. Good Afternoon to all of you. On behalf of Phillip Capital, I welcome you all to Q4 FY '18 earnings conference call of HPL Electric & Power Limited. The management is represented by Mr. Gautam Seth – Joint Managing Director, Mr. Rishi Seth – Joint Managing Director, and Mr. V. R. Gupta – Director. I will now hand over the call to the management for their opening remarks post which we will take Q&A.

Gautam Seth: Thank you, Deepak. Good Evening everyone. On behalf of the Board of Directors and the management of the company, we extend a very warm welcome to all of you to discuss the financial results for the fourth quarter of FY'18. We concluded the financial year on an optimistic note as we delivered an improved financial performance during the second half compared to the first half, which was in line with our communication during the earlier earnings call. Our net revenue for the H2 witnessed a 33% jump over H1 to 591 crores driven by robust growth across all business segments. The switchgear segment clocked a growth of 58%, lighting 32%, metering 27%, and wires and cables 26% over the H1 figure. The decline in gross margin was mainly due to the increase in raw material prices particularly that of plastics procured for manufacturing electronic meters. The EBITDA increased on an absolute basis by 23% over H1 to 60.5 crores, the EBITDA margin slightly declined to 10.2% compared to H1 due to the hiring activities undertaken over the previous two quarters and our conscious efforts to increase our ad spend, the benefits of which will be highlighted by the increased turnover in our B2C business.

Net profit for the second half was 16.1 crores registering a substantial growth of 42% over H1 FY '18, mainly driven by higher sales. PAT margin improved by 17 basis points to 2.7% in H2 FY '18. Our capacity utilizations have generally increased over the previous two quarters to cater to the steady inflow of orders across segments. Our consolidated order book stands at 531 crores as on May 21, 2018. There was an influx of metering orders in Q4, which took it to its highest order book level since the previous four quarters to 477.6 crores, a 55% jump over the February level. This provides us a decent head start going into the first two quarters and we are targeting a double digit growth in the metering segment, revenue of Financial Year '19. Currently, there are over 20 million meters under evaluation by the various utilities. Switchgear and lighting segment order book stood at 23.5 crores and 22.4 crores, respectively. We expect order flows to improve in these two segments in the forthcoming quarters as we bear the fruit of our brand building initiatives and other marketing activities. Wires and cables segment is expected to deliver strong performance in the first quarter driven by specialty cable orders. We have successfully installed 20,000 LED streetlights and 400 CCMS panels as part of the Bhopal smart city lighting project.

Our Association with the IPL team, Royal Challengers Bangalore, as their official LED and switchgear partner sheds light on our efforts to induce the HPL brand recall among the minds of consumers. This partnership gives us the right to use player images on product packaging for around one year. Our R&D teams continue to focus on developing new products incorporating solar technology and making the existing product line flexible enough to cater to and accommodate the various specifications of our end customers. Our state of the art manufacturing facility place us in a commanding position to tap all the opportunities presented by the various government schemes without having to invest in fresh capacity expansion. With this, I would now like to handover the call for question and answer sessions.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin the question and answer session. The first question is from the line of Apurva Kulkarni from Nine Rivers Capital. Please go ahead.

Apurva Kulkarni: Gautam, if you can share the progress that you would have achieved on the channel financing part with regard to how many of your dealers are now on that mode and what is the update there?

Gautam Seth: Thank you, Apurva. We have currently 63 dealers who live in the channel financing scheme and another 65 who are under an advanced stage of evaluation, so overall if you see the debtor days as compared to the September taking on a net figure from 183 days, they come down to 164 days, the overall debtor days are now at 140 days, so we have seen at least in the last six months certain good improvements coming in terms of the number of days on the receivables and also on the absolute figure, which has come down to 467 crores from earlier high-level and also considering that the sales in the second half has gone up 33% from the first half, so on a absolute level it is almost at a similar level, but since the sales have gone up, so there is definitely certain good improvements on the debtor front.

Apurva Kulkarni: Gautam, could you highlight on the breakup of the 530 odd crores order book that you mentioned, how much of that would be on the metering side?

Gautam Seth: The metering is at 477 crores and the switchgear is about 23.5 crores, 22.4 crores is lighting, and about 7 - 10 crores is the wires and cables, so in terms of even if you see the last six quarters, the overall order book is at a much healthier level and of course driven by meters which traditionally has a much longer order book, so that is how we have seen. When we look at meters, we have seen that in the last six months the execution has been at a much better level and these order books have been dated on the May 21st, so after that we still have a very healthy order book going forward for the current year.

Moderator: Thank you. The next question is from the line of Abhineet Anand from SBICAP Securities. Please go ahead.

Abhineet Anand: What has been our ad spend for the current year compared to last year?

Gautam Seth: Our total ad spend in this year has been 15.03 crores as compared to 10.35 crores in the last year, so it is almost say 50% jump on the ad spend.

Abhineet Anand: It is good that ad spend and channel financing actually are going in line with the management guidance, the borrowing from last year has increased further from 360 odd crores to 560 odd crores despite a flattish trade receivables, almost 100 odd crores increase in the borrowings, when the sales has increased maybe marginally 40 to 50 crores, what is the reason for that?

V. R. Gupta: Actually, NWC has gone up from 579 to 644 crores, in March '17 NWC was 479 excluding cash and bank balances, that has gone up to 644 crores. Secondly, some CAPEX was also done during the year.

Gautam Seth: In fact, in the last six months as on September ending that figure had gone a little higher and in the last six months we have been able to bring down the NWC as well as the borrowings also to some extent.

V. R. Gupta: In September, it was 667, now it has gone down to 644 and we are further making efforts to reduce it down.

Abhineet Anand: The other thing is on EESL tenders, tender one actually, we were below the top three, now I want to understand what is the strategy, we have been in the top meter manufacturers in the country, EESL tenders are going to come this year, next year, so do we go ahead and have low pricing as the other players have done or what is the clear strategy going forward on the EESL tenders?

Rishi Seth: Regarding EESL, there were two tenders, one for smart meters and the other for prepaid meters. As the results of the smart meter, the price bids of all manufacturers whether they were meter manufacturers or not were open and the price levels which we feel were not right enough for the metering industry, so we refrained from bidding for the tender, so now the EESL has in the last evaluation, shown more inclination to go towards meter manufacturers, so therefore, now we have bid for the smart meter tender and we feel that would be in line with our strategy and we feel that things will be in line with how the metering industry demands. Also, it is very important to note that the first supplies of the smart meters till now has not come inspite of many months going by, so we think that our decision have not been accepted and going forward with that first-order are on the right side because the cost has gone up, so the current people who have got the orders are also not able to supply.

Abhineet Anand: Will these orders be fixed price?

Rishi Seth: Exactly.

Abhineet Anand: So how do you hedge the RM cost, the plastic cost, etc. have gone up in the last sometime, so for delivery of two-and-a-half years how do you hedge for future contracts going forward?

Rishi Seth: When we get the contract, we will be able to put a delivery schedule and we will order the raw material accordingly to that extent where we can deliver with the current price levels.

Abhineet Anand: So you mean to say you will have inventory of two-and-a-half years?

Rishi Seth: No, we will not hold any inventory, we will anticipate the time level and we will anticipate the delivery level and then we will take the call on that particular supply at that point of time because these are based on the pan-India basis, the smart meter orders will be on a pan India basis and there will be each Discom when they place the order on EESL, we will have the issue whether we want to accept it or not.

Abhineet Anand: Out of that 20 million meters under valuation, how much is smart meters, how much is general meters ?

Gautam Seth: There are about 5 million smart meters in a single tender and other than one or two utilities where there are very small amounts of smart meters, the balance 15 million is regular meters.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Couple of questions from my side, regarding the digit growth coming in the meter side, what kind of growth is expected for the rest of the business, if you can go segment wise?

Gautam Seth: If you just look at the last year results, the first six months especially on the trade part was hit a lot by the GST implementation, so the first quarter went a lot into destocking and thereafter, then it took time for the restocking to happen and the trade to pickup, but accordingly if you see the second half and the trade has picked up and today the implementation of GST even the acceptance right across in the trade is fairly seamless, so that is not an issue any more in the trade. When we look at the kind of growth definitely across all segments, a double-digit growth is something what we can look at in the FY '19 in meters because we have a much more visibility on the order input and currently when we are sitting on 477 crores order, which is mainly from the utilities and the local orders coming in from the dealers and other consumers that comes on a month-on-month basis and we still have a good 10 to 11 months visibility on that so definitely the meter seems to be going on a path that there would be definitely a much better growth on double-digit. Even the other things like switchgear, we had a good growth. Switchgear and lighting in fact we had a good growth in the last couple of months and we really hope to maintain that. While the last part especially the Q4 growth has been also due to the specialty cable order which will continue at least till mid of June, thereafter, there could be a gap for some time and, however, the trade business on the wires would continue to grow, but maybe not at a very high level looking at the kind of volatilities or even the margins which are prevailing.

Giriraj Daga If you see the lighting or switchgear also, the fourth quarter number is really decent and if we extrapolate that number, we can see even mid-teens kind of a growth, so is that on the horizon or we should not read too much on the fourth quarter numbers of switchgear or lighting?

Gautam Seth: When you see the fourth quarter numbers in fact especially of any trade business, that is almost at a very good level of business because there are a lot of annual incentives what the trade enjoys which normally happens as on the end of March, so definitely there is a bigger push and a pull happening in the market. The first quarter is sometimes a little weaker quarter from that kind of view if we are to assume that seasonality, but yes, from the second quarter onwards, the growth would come, but right now looking at any kind of macroeconomic factors which were actually affecting the business in the earlier last if you see in the last five quarters where we have seen demonetization and then the GST, those things are not there right now in the market, so definitely it looks as a much better manner and we see the growth coming in and with our channel financing and other things also falling in place, I would say the growth would be much better and reading in when I say double-digit, it could be anywhere in the mid-teens or even on the higher teens, that is possible.

Giriraj Daga: My second question is on the margin side of it, so what is the outlook you gave for the segment wise and what particularly went wrong in wire business where we hit the margin of like 4% in the last quarter, so the specialty wire what you are mentioning was it really low margin order or what went wrong there?

Gautam Seth: When you see the margins of each of the categories, meter has been affected a lot by the polycarbonate prices, which is one of the major raw material and in fact in the last two earnings call, we have been giving a communication on that where the prices have surged to a very high level, in fact from almost US $ 2300 that has gone up to 4000 and a little beyond that also, so there was an unprecedented increase in the price of polycarbonate which has actually affected the margins. In the future tenders, in fact or in the recent tenders what we have been quoting, the price considerations have been taken inconsideration at the rise in the raw materials and we would believe that even the overall competition is acknowledging that kind of an increase and we expect the prices in future to be at a much better level looking at absorbing the increase in raw material cost. Right now, when we look at the margins, we have had 13.5% on the EBIT and I think the margins would be somehow maintained at those levels right now and only after one or two quarters where we see the effect of polycarbonate going away, in fact little bit we are seeing some signs of the prices softening right now, so if that trend is to continue we would start seeing the margins come back to the levels of 16% to 17% which we have been able to maintain.

Switchgear, in the last couple of quarters, the margins have been at 18.5%. With volumes going up, we do expect these margins to almost be maintained or even we can increase on that. Lighting at 12.5%, in fact in our previous guidance we have been even saying that around 11% to 12% would be the margins what we expect on the lighting, but even at 12.5 at this level it would be here or a little lower than that. When we see wires and cables, yes, we have big orders and that is why we see the growth from the third quarter to fourth quarter almost we are more than doubling the sales and this has been mainly due to a specialty cable order what we are supplying on to the telecom network, so most of the 4G installations which are happening,, but definitely there are two very big multinationals involved in this, it is a very high profile, high spec job, that is happening. The margins have been at a minimum level, but it is a continuous business which would probably extend over to the next two to three years and it also gives us an opportunity to get into the telecom business with lot of our other products like the switchgear and other things, so these businesses have a little because of the stringent specification, so they do have, it takes a long time to get the product inspected and to get the approvals done, but on a long time, we do see benefit coming from these type of businesses.

Giriraj Daga: Last question on the working capital side of it, so what is your FY '19 outlook for working capital, what is the number of dealers added further there and what should be the total number we should look at net working capital like 644 crores at the end of this quarter, so where do you see this number in FY '19 closing basis?

V. R. Gupta: The borrowing may increase due to ban of LOU by Reserve bank of India and that LOU gave buyer credit and used to be shown under sundry creditors. Now, that amount borrowings may increase, number one. Number two, we are doing our best to reduce the number of days in the receivables, that we are successful from September level to March level. In September, it was 193 days on net basis which has gone down to 164 days. This is the achievement we have made, lot of things are to be done in this regard.

Giriraj Daga: In terms of general financing the number of dealers' addition?

V. R. Gupta: Around I would say 60 members are in the pipeline, they are in appraisal stage and that will also help to reduce the state debtors to some extent.

Giriraj Daga: We are already on 65 which is further evaluation, what percentage those total would be like ?

V. R. Gupta: Around 20 crores or so.

Moderator: Thank you. The next question is from the line of Anoop Nambiath from Equity Intelligence India Private Limited. Please go ahead.

Anoop Nambiath: Basically, I had two questions one was on the ad spend, incremental 5 crores where are we spending, like what is the kind of money that you have spent for the RCB relationship? Second one was, we were talking about around 200 dealers signing up for the channel financing last year, so the actual number that has turned out has come little on the lower side, like what was the challenge, can you just elaborate a little bit more?

Gautam Seth: Thank you. You know on the RCB deal is that one was the uniform branding with the team. There were lot of events what we have organized with them and also that we get to use their players including Virat Kohli on our product packaging, which would be almost for a year, because that process has already started, we already have a lot of our products going out in the market, so most of the consumer-related products be it lighting and LED bulb, MCBs, switches, and wires, they would have this kind of a product, so as we see it we find Cricket as something which is a widely accepted media of communication where it cuts across every region, every type of age group is in fact today glued onto Cricket, so that is the kind of connection we are looking at and in effect we would have more than one lakh pieces of our product, in fact even can go up to 1,50,000 pieces of products everyday going out in the market with this kind of a branding, so during this period we are looking to build some kind of brand recall through the Cricket medium through using Virat Kohli and the other players on our products, so just to buildup the brand and we have already seeing with the kind of activities going on at the retail level, there is definitely some excitement with the brand and even with our teams with our groups of dealers and other things, so that is something we definitely see happening.

In terms of cost, there are multiple agreements to this. We are running almost 400 hoardings in many cities mainly in the Tier-2 and Tier-3 cities. We are also having a radio campaign running in over 56 cities, so overall if you see directly the kind of cost that would go into this is something around 3.5 crores, which is more specific on this, but in the longer run we also have different activities lined up. Using the same kind of a campaign even post-IPL, we should continue during the year. Overall, if you see we definitely look to grow because we have grown our ad spend almost by 50% in the last year, so this year going forward, we will like to go even further to that maybe enhance that, maybe 20% to 25% and eventually link it up to the kind of B2C or the trade sale what happens, so that continuously we are investing into that.

Now, coming to the second question, yes, we have talked about 200 dealers to come into the channel financing. In fact, exactly if you see the total proposals are as on date about 224 proposals out of which 63 have been sanctioned and they are live, 65 are at the advanced stage of on approval from the bankers. There are sometimes the balance are also right now in the system, sometimes the dealers are not showing, they get into this process and halfway then they are not showing some kind of interest sometimes just so that because they are getting bound on certain kind of a discipline and it is a very normal thing that is happening. Our teams are actually going, convincing the dealers, talking to them and out of relationship, they turn them around to come and participate, so even the other dealers who have actually joined in, there have been times when we talked to them or they require some kind of the sharing extra information or some kind of counseling so that they come into it, so it is a part of the process and I think the process was on that. There are also some dealers because as more and more proposals are coming in some have also not made it to the grades where the banks feel thatthese are dealers where they cannot extend the kind of facility, so we are also taking appropriate actions so that we can align them to certain other dealers, so for long-term we do not require those kind of dealers in our system.

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

Harshit Kapadia: Sir, could you please give us the EBITDA margin guidance for FY '19?

Gautam Seth: The EBITDA margin right now because there has been certain volatility on the raw material prices, so based on that the current guidance would be around 10.5% to about 11%. Only in the last quarter, it has specifically come down on the mixing part, but overall because we had also working on a lot of cost saving steps wherein we can work to reduce our raw material cost in the system, but as a guidance it would be somewhere around 10.5% to 11%.

Harshit Kapadia: Sir, my second question is that since you said you will be reducing your other expenses, but you said RM is increasing, we are also seeing that your ad spends will also continue to increase, we are also seeing the lighting segment is also under pricing pressure, but still do you think you will be able to make a 10.5% to 11% margin because your main segments are not pushing that margin trend, why?

Gautam Seth: I would like to just correct that, if you see the margins on lighting, in fact they have improved from last year, year-on-year for the fourth quarter and also from quarter on quarter from the third quarter, so lighting we are also seeing the volume go up in lighting, so as a pressure obviously the margins could be under pressure, but for us to be around that 11.5% to 12% is something what is sustainable. Switchgears, we definitely see the volumes going up and we do have a chance of even bettering our margins going beyond 18% to 19%. The meters have been directly affected on a single factor which has been the plastic pricing, so that is something which is a global phenomenon, it is not something specific to us, but it concerns anybody who are using the polycarbonate, but as I said earlier the pricing are beginning to soften so that is eventually because lot of orders have been taken at the earlier rate then we have seen an unprecedented increase in the pricing, so little bit the margin pressure definitely comes from the meters, which is almost about 45% to 50% of our business, so that is why,we are looking at the entire year at 10.5% to 11% EBITDA margins is possible definitely.

Harshit Kapadia: Apart from the channel financing activities that you are doing, are you adding what amount of dealer addition that you are looking at and in which region if you can highlight that?

Gautam Seth: In fact, on a net dealer basis we are not adding too many dealers, but we are definitely reorganizing the dealers that we are enhancing the quality of dealers and I think this was even discussed last time wherein at one stage we are the dealers who are non-performing or who do not make it into the grade of let us say coming through the KYC norms of the bank vis-a-vis the channel financing, so we are actually removing them from the system so at one time there is actually a reduction of many of the dealers what is happening. At the other side, we are adding good quality dealers who are actually big in the market who have a much better financial record and dealers who are focused a lot on the redistribution market because we are also as we are doing, brand visibility is happening, we are also looking to enhance our range, so that kind of a reorganization of dealers is happening and that is a continuous process, very actively taken up since the last six to nine months and I would say that will pay us good results in the future. Long-term, we are quite committed to bring in fiscal discipline with our dealers, so therefore, if the dealers are not falling in line probably long-term they will not be as a dealer of HPL, so maybe we lose a little bit somewhere, but definitely on the long-term we are gaining, so the number of dealers on a net basis, I do not see it going up. In fact it may get streamlined downwards, but with the quality definitely will get enhanced.

Harshit Kapadia: So what is the total dealer network at this point in time?

Gautam Seth: About overall the billing points could be about 2000, because at one time they were a little above actively, but the more active dealers right now who are there in the system could be about 500 to 700 who are more actively doing the business and then there are some who are probably in little remote areas who are also getting direct billing, but not so active so we are really relooking at that and one of the criteria what internally we are also adopting is that through the banks when we are seeing a complete KYC exercise done by them, so that would help us to take future decision on what kind of dealers we would like to have, but nevertheless the dealers whom we are not directly dealing we are putting them as a sub-dealer and connecting them to our main distributor or so that they remain in the system, they continue to patronize the HPL products and that is how we are reorganizing.

Moderator: Thank you. The next question is from the line of Abhineet Anand from SBICAP Securities. Please go ahead.

Abhineet Anand: Gupta Sir told about increase in the borrowings due to the LOU of RBI, by how much that would happen, Sir?

V. R. Gupta: At present buyer credit used to send between 50 crores to 70 crores, this was the buyer credit figure, so with better efficiency we can manage up to 40 to 50 crores.

Abhineet Anand: In that case, borrowing will not decrease, so there will be 50 to 70 crores increase in the borrowing?

V. R. Gupta: Definitely, so much efficiency cannot be brought down within a span of six to seven months, but we expect that there should be at least 40 crores increase in the borrowing.

Abhineet Anand On the meter side what is the overall size of tenders and the valuation, size meaning in terms of Rs. crores?

Gautam Seth: The overall is about 20 million tender, so it should be anywhere between 1300 to 1500 crores because this also includes the 15 lakh smart meters tender.

Abhineet Anand: The current order book of meters of 477, all of this is deliverable in the current year, right?

Gautam Seth: Yes, that is right.

Abhineet Anand: In an EESL bid and if the successful bidder is not able to supply, what happens then, is it transferred to the other L2 or re-tender will happen or how is it?

Gautam Seth: That is for EESL to take a call on what they would eventually do, so I do not think we can answer that.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Just a follow up there, what is the outstanding utilities as on March 31st?

V. R. Gupta: It is around 285 crores.

Giriraj Daga: If you can also give what was the meter sales in numbers volume?

Gautam Seth: I think we can get back to you, we do not have the figure right away here.

Giriraj Daga: When we say our meter order book, is there any smart meter there or it is conventional meter?

Gautam Seth: Certain states have come out with some smaller tenders on smart meters, so we have got some orders of that, but largely if you see the 477 crores is on the regular meters, single phase and three phase meters.

Giriraj Daga: Hardly a miniscule number of smart meters?

Gautam Seth: Yes, that is right.

Giriraj Daga: As you have mentioned that the 20 million meter is worth about 1300 to 1500 crores including 50 lakhs of smart meter. But ideally what price we saw in the smart meter was not feasible, so assuming your price of 3500 that will be 1750 crores, right?

Gautam Seth: Roughly when you look at it, you should ideally take the 15 lakh meters to a separate category, because there the values may go up and we are not best judge to see what kind of a price discovery may happen, but the other 15 million is basically a regular kind of meters which would actually be around, so you are right basically the prices order values would be much larger, only the 15 million meters would be actually around 1300 to 1500 crores, the other tender would be much larger, so you are right in saying that the values will be larger, definitely.

Giriraj Daga: Is there any bid book which are currently open where we can participate, is there something like that, do we have, do we share the number?

Gautam Seth: No, not like that but when you see the breakup of these meters, we are talking, they are into various stages of evaluation, so they cover the tenders which are out for which let us say we are waiting to bid or we have already bid or the bids have been opened where the orders have to be evaluated, so they are at various stages, but I think those details we are not sharing but generally in fact if you see this kind of a figure is maintained for almost the last three quarters, so that again shows that the market is still looking for a lot of meters, so the demand is coming and it is being sustained, so at one stage we have six months of good execution, we are sitting on confirmed orders of 477 crores and still we see a good visibility of the tenders, so it is something of a very healthy sign and looking at least in the next 12 to 18 months definitely the meter demand seems to be good. There are also if you see the Government schemes right from Sowbhagya, , IPDS, or even the Deen Dayal Upadhyaya Gram Jyoti Yojana, all of them have a meter requirement, which is again the demand is at a good level. The only concern for this kind of a thing is, again I am just coming back is on the margin pressure because of the plastics because some orders, because there is a lead time from when a tender is put in till the tender gets evaluated, the order comes in, and the supplies are made, so there is a lead time and an unprecedented increase of the plastics definitely can cause or has already caused some disruption on the margin, so that is one thing what would affect.

Giriraj Daga: Just a follow up there, so would it be fair to assume that the first quarter margin where you must have booked the order in the last quarter or maybe the third quarter of FY '18, would be similar to fourth-quarter numbers since the cost would hit you and for the new order which will come in the second and third quarter, there the margin can improve?

Gautam Seth: On an immediate basis when you look at Q1 and Q2, the margins of Q4 would be sustained at those levels although internally we are trying to make lot of efforts to see that there can be savings probably in other kinds of raw materials or some kind of a process saving because the volumes are high, but yes, the benefit of the prices softening will be seen in subsequent quarters and not definitely in the Q1.

Giriraj Daga: My last question is on the advertising and promotion cost, advertising cost of 15 crores what should be the number we should look out for in FY '19?

Gautam Seth: Going forward we are looking to increase that figure by at least 20% to 25%. The sales pickup by Q3, we would like to enhance to bring our visibility into the market.

Giriraj Daga: Is there a percentage you would like to keep there?

Gautam Seth: Yes, it is an earlier question because at one stage we had internally said that at least 2% of our trade sales should be used in the advertising expense because that actually becomes an investment for the future where we are building up the brand and also which can help us to enhance our realizations, and also the margins in future. We have already spent on the IPL, on the RCB with Virat Kohli and other things, so we will like to see the benefit how the market is reacting, the initial response has been good for us, it definitely gives the paid and the consumer something to talk about, so there is some excitement with the brand and we like to as we see more positive results coming in, definitely we would like to put in more money here for that.

Moderator: Thank you. The next question is from the line of Vikram Rawat from PhillipCapital (India) Private Limited. Please go ahead.

Vikram Rawat: Sir, Firstly, is it possible to share the working capital cycle between the metering and the non-metering business? Second, can you share the volume growth between the cables, switchgear and lighting and also is there any price hike we have taken in these segments recently?

V. R. Gupta: Working capital cycle is definitely higher in metering, it is at least 30% higher than trade business.

Vikram Rawat: Sir, because of this channel financing do we expect any improvement in the non-metering working capital cycle?

V. R. Gupta: Non-metering, yes, there will be but as per Ind-AS norms whatever channel financing is done with recourse that has to be added back to debtors and borrowings, so this increases the number of days in receivable cycle.

Gautam Seth: Addition to what Mr. Gupta said that through channel financing we are getting our payments immediately, but if there is some amount of recourse whether it is 100% or 50% also, that amount gets reflected in the debtors, We currently have only 63 dealers and as we progress and the banks track the performance of our dealers, this recourse will be expected to go down or be completely waived off. Then that's when the debtors will start coming down once the channel financing without a recourse will start reflecting on the balance sheet.

Vikram Rawat: Sir, then this volume growth across the segments and price hike?

Gautam Seth: I will first just take the price hike that is the prices of wires that are directly in line with the commodity prices have seen certain changes, but in terms of meters at least on the trade market we have enhanced the prices because as we discussed earlier the plastics have gone up. When you see the pricing of switchgears again a slight improvement in our realization, so this is due to either reorganizing the incentives in a way so that eventually we do get a better realization.

Vikram Rawat: Sir, on lighting business?

Gautam Seth: Lighting is much more competitive thing, so there to get an increase on the unit value is not possible because lighting from the last three to four years there has been always a downward pressure on lighting, so in some areas like EESL and even these type of tenders, we have seen the prices go down and then to some extent in some tenders even have come up, so we have seen the bottom of the price drop which is happening from couple of years. We have seen the price improve even in the tenders and some to local market, overall the pricing is stabilized but yet the market is such that because it has still a huge opportunity for growth, our own volumes of LEDs have gone up. The prices have stabilized, we are also looking to increase our realization.

Moderator: Thank you. Ladies and Gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Mr. Deepak Agarwal from PhillipCapital (India) Private Limited for closing comments.

Deepak Agarwal: I would like to thank the management for giving us an opportunity to host this call and to all the participants for their presence.

Gautam Seth: I would like to thank everyone and based on the feedback and the kind of working what we see, we definitely see the volumes and the top line to grow, also a lot of effort has been taken which we have seen in the last six months from the working capital and also improve certain balance sheet ratio, so the management is committed and would continue to do that, and as we see more and more specific guidance we would definitely keep the audience updated. Thank you very much.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, on behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.