



HPL Electric & Power Ltd

Corporate Office : Windsor Business Park, B-1D, Sector-10,
Noida, U.P. - 201301, INDIA. Tel.: +91-120-4656300
E-mail : hpl@hplindia.com
CIN No. : U74899DL1992PLC048945

22nd November, 2017

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,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001
Scrip Code: 540136

Subject: Transcript of Conference Call with the Investors/Analyst.


This is with reference to the intimation about the Conference Call scheduled on Thursday, 16th November, 2017 with the Investors / Analyst. 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.

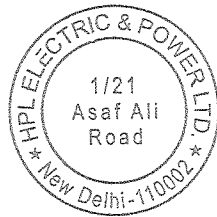
Kindly take the same on record.

Thanking You

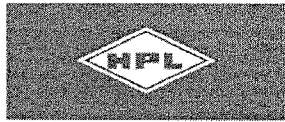
Yours Faithfully

For HPL ELECTRIC & POWER LIMITED


Vivek Kumar
Company Secretary



Encl: As above



**“HPL Electric & Power Limited Q2 FY ‘18 Earnings
Conference Call”**

November 16, 2017



**MANAGEMENT: MR. GAUTAM SETH – JOINT MANAGING DIRECTOR, HPL
ELECTRIC & POWER LIMITED
MR. V. R. GUPTA – DIRECTOR, HPL ELECTRIC & POWER
LIMITED**

MODERATOR: MR. AAKASH FADIA – EDELWEISS INVESTMENT RESEARCH



*HPL Electric & Power Limited
November 16, 2017*

Moderator: Ladies and Gentlemen, Good Day and Welcome to the HPL Electric & Power Limited Q2 FY '18 Earnings Conference Call hosted by Edelweiss. 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aakash Fadia of Edelweiss. Thank you and over to you, Sir.

Aakash Fadia: Good Evening to all of you. On behalf of Edelweiss Investment Research, I Welcome you all to the HPL Electric & Power Q2 FY '18 conference call. On behalf of management, we have with us Mr. Gautam Seth – Joint Managing Director, and Mr. V. R. Gupta, Director of HPL Electric & Power. Without wasting much of time, I will hand over to the management. Over to you, Sir.

Gautam Seth: Thank you, Akash. Good Evening everyone. On behalf of the Board of Directors and management of the company, we extend a very warm welcome to all of you to discuss our financial results for the second quarter of Financial Year '17-18. A steady recovery in the second half of the quarter helped us overcome the slowdown in business due to the gradual transition of dealers to the GST regime. With the successful implementation of GST, we are looking to consolidate our warehouses and dealer network which will have a positive impact on our bottom line. We are vying for margin accretive business opportunities as we believe that this approach is more sustainable over opting for volume drivers. Our overall order book stands at a healthy level of 450 crores as on November 14 registering a quarter-on-quarter growth of over 17%.

Over the past two quarters, the meter order book has clocked healthy growth figures of 52% and 26%, which currently stands at Rs. 382.5 crores. This momentum is expected to continue in the second half of Financial Year '18, which backs our positive outlook for the segment. The tender for the first smart meter order has set the platform for future orders and we have strategically positioned ourselves to benefit from those future opportunities, as and when they arrive. Currently, around 1.8 crore meters are under various stages of evaluation. The renewed traction in the meter order is a good indicator of improved performance in the second half. Coming to our second quarter performance, our revenue net of excise and taxes was relatively flat at Rs. 224.2 crores clocking a marginal growth of 1.3% over Q1 Financial Year '18. Our EBITDA for the quarter increased by 9.8% QOQ to Rs. 25.8 crores translating into a margin of 11.5%. This increment highlights our operational efficiency. We reported a PAT of Rs. 6.2 crores this quarter registering a quarter-on-quarter growth of 17%. Metering EBIT margin improved with the backing of a favorable product mix and adequate cost control measures.

Onto the switchgear segment, we witnessed marginal improvement in the segment revenue through EBIT margin was slightly lower. LED sales more than doubled on QOQ basis owing to the early festive season demand. The lighting margin remained flat. Wires and cable segment revenue and margin dipped due to the higher GST rates in Q2 which led to the preponement of sales in the last quarter. The recent reduction in the GST rates applicable both on switchgears



and wires and cables from 28% to 18% should provide a major boost to the business of organized players like us as it will create a level playing field vis-a-vis the unorganized players. Our entire product portfolio stands to gain from the recently launched Saubhagya scheme which targets electrifying every household in India. We will continue to focus on cutting edge innovation and manufacturing excellence. We have leveraged our R&D prowess to develop a complete range of solar solutions across all the four product segments. We firmly believe that the second half of Financial Year '18 will be much stronger for us than the first half and we have concrete reasons backing our optimism. With this now, I would like to hand over the call for question and answer session.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin with the question and answer session.

Participant: What is the likely revenue growth you are expecting in coming years, on the meter side?

Gautam Seth: On the meter side our order book is 382 crores as of now, so we expect growth. Looking at the first half, we recorded sales of 231 crores and we expect the segment revenue to go over 500 crores for the current year and going by the current traction, this quarter seems to be on track for a decent performance and a double-digit growth seems attainable considering the current scenario. There are over 1.8 crore meters which are under evaluation at the various utilities and this does not include the smart meters of EESL. This is a decent industry size and we expect this to remain the case in the future.

Participant: What would be the sustainable margin for this segment?

Gautam Seth: In the first quarter, we had a dip on the margin front. We have been able to improve this in the second quarter, but as we go forward with the increase in volume, which is already increasing, anywhere between 17% to 20% is sustainable.

Participant: There has been aggressive bidding in EESL orders, so will the other SEBs also follow suit and will this lead to a drop in the meter prices and the margin for that?

Gautam Seth: The EESL specifications are totally different, right from the prequalification phase. They had quite an open prequalification, which saw the infiltration of new participants. Companies which are not even manufacturing meters, have placed their bids. This is not the case for the pre-qualification prevailing in the country, across various utilities, both state and central. They have stringent pre-qualifications and based on that, I do not see a drastic movement on the pricing front. In the first EESL tender, we have witnessed aggressive bidding. Despite that, I do not foresee any drop in the meter prices from the other utilities, due to this aggressive bidding.

Participant: As far as B2C segment is concerned, do you see the inventory reaching the pre-GST levels or there's still some time for that to happen?



*HPL Electric & Power Limited
November 16, 2017*

- Gautam Seth:** The restocking activity did not happen at the anticipated pace and July was a washout. We did witness positive traction in August and September, so overall the second half of the quarter was good for business. Re-stocking hasn't reached the pre-GST levels and noticing the current trend, the dealers are probably more cautious of their own efficiencies and they would like to operate with lesser stock because GST has given them an opportunity to refine their business model. Month-on-month it has been improving but it is yet to attain the pre-GST levels.
- Participant:** Sir, what is the CAPEX guidance for the current and next year and if you could also help us with the segment wise CAPEX?
- Gautam Seth:** On the CAPEX front, we do not have any major CAPEX planned for the current year. We do however expect certain maintenance CAPEX on the tools and dies. These are used for our metering and switchgear products and have a life of let us say a million pieces. Maintenance CAPEX between 25 to 30 crores per annum would continue to happen in this year and the next year, but any major CAPEX for a new product line or some major expansion or capacity enhancements, won't be happening. We have sufficient capacities currently which are still to be utilized efficiently. Going by the momentum in the metering orders, our capacity utilization stands at a respectable level, and hopefully, as the transition to GST happens, the capacity utilizations for trade products are expected to be better.
- Participant:** Coming back to your CFL business, Sir, what is the kind of write off you are still taking on the CFL business and what's the outlook?
- Gautam Seth:** On the CFL business, our operations are at the minimum level. The manufacturing has already been stopped and the residual stocks are being sold. There is no major write-off on the machinery as it has been depreciated as per schedule. The facilities would now be put into use for other things. In terms of our revenue, last year our overall revenue came down by 50 crores within lighting, which was due to CFL. Even this year, there will be a drop but our LED revenues has already surpassed the peak time CFL sales.
- Moderator:** Thank you. We take the next question from the line of Saurabh Ginodia from Stewart & Mackertich. Please go ahead.
- Saurabh Ginodia:** Sir, as you explained that there are 1.8 crore meters which are under various stages of evaluation. What kind of competition do you foresee in these tenders?
- Gautam Seth:** These are tenders from various utilities and in terms of competition, there are already tenders wherein the companies have either already placed their bids and some which are still open where the bids are expected. The competitive scenario is not expected to change. The requirements of nearly 85 tenders are covered and a single utility is not coming up with a sizeable tender. The existing pre-qualifications are already stringent, which do not allow a new company to get into those tenders.



- Saurabh Ginodia:** How many companies are there in total, which are bidding for these tenders?
- Gautam Seth:** Based on the published reports by various research firms and internationally acclaimed ones, there are about five companies with over 80% of the market share and to highlight, we have seen almost 30-40 players in the last 10 to 15 years and that figure has come down. The competition is now consolidated and there are only four to five major players, which are normally participating and then supplying to various utilities. So, I exactly do not know how many firms participate every time, but the major chunk of it goes to 4-5 players.
- Saurabh Ginodia:** What would be the average unit price for the meters?
- Gautam Seth:** Our own average over the last couple of years is anywhere between Rs. 950 per unit to about Rs. 1050 per unit, so it is somewhere around Rs. 1000.
- Saurabh Ginodia:** Can you talk a little bit about your dealers and distribution networking in B2C business?
- Gautam Seth:** In terms of other businesses, 10-15% of the meters are sold through the dealer network. The other three categories form the B2C segment wherein we have the switchgears, lighting, and wires and cables. We have a pan-India presence where about 2000 dealers and distributors are there, with about 27,000 retailers. We have also mentioned in our strategy note that we are reorganizing our dealers and distribution network and where we're witnessing consolidation amongst the dealers, so certain smaller dealers are getting aligned to the bigger ones and eventually these dealers will have a bigger stake in the company in terms of doing business and we are eventually getting them on channel financing with a view to improve our working capital. The reorganization is also happening within the company and we are looking to grow ourselves into every nook and corner of the market.
- Saurabh Ginodia:** As you said that the company does not have significant CAPEX apart from the maintenance CAPEX, so what kind of debt repayment plan are you targeting for the next couple of years?
- Gautam Seth:** Our working capital has gone up in the first six months of the year, but any savings due to the channel financing or because the other efforts being taken on the working capital side, we do anticipate a reduction in our debtors. We expect a benefit of about 40 crores on the trade side, so in terms of repayment, I do not see any repayment happening immediately or even in the next one to two years. Whatever saving comes in on working capital side, would get redeployed again.
- Moderator:** Thank you. We take the next question from the line of Vivek Ganguly from Nine Rivers Capital. Please go ahead.
- Vivek Ganguly:** My question is regarding the channel financing schemes that you had launched about two to three quarters ago. How many dealers have signed up and by when are we likely to see the impact of that in the form of lower working capital or at least interest cost reduction?



Gautam Seth: More than 180 dealers have signed up and we've had over 50 crores of definite proposals given to the banks, out of which already over 20 crores have been sanctioned and the balance are again under various stages of getting sanctioned. In terms of our progress, although the banks have their own processes which are a tad slow, every week we do have certain sanctions coming from the bank because they are still sitting on a funnel of over 130 dealers, which still are under evaluation. Onboarding takes a week or two post that.

We have been talking to and educating our dealers. The first quarter was mainly spent on educating the dealers and our own teams, regarding the benefits of signing up for channel financing and what it would entail. Next year we would like to get in another 150 to 200 dealers onto the channel financing and we by doing so, we can exceed the benefits we accrue this year, as we would have a full year of operation. By that time, we believe our debtors would be in line with any other comparable company in the market and that would really make us competent in terms of our working capital, at least on the trade side.

Vivek Ganguly: You had about 470 odd crores of debtors as of H1. How much of that would be from the channel partners and how much of that is accrual, that can be ascribed to utility businesses?

Gautam Seth: On the utility front, our debtor days have gone up. This is despite the UDAY scheme being in place, as it has not been very successful. So, in terms of number of days on the utility side, we are well over 200 days but on the trade side, we are at a tad over four months.

Vivek Ganguly: So around 200 odd crores are from the trade side, of your total debtor days?

Gautam Seth: Little lower than that.

Vivek Ganguly: Let us say you have about 200 odd crores of dealer debtors. If this process continues, by FY '19 can we assume that this amount will be halved?

Gautam Seth: That will surely happen. Even in the last quarter, we have seen new proposals going in and the dealers getting on boarded. Once we start accruing greater benefits from this, we will ensure that all our major dealers get covered under that scheme. So, by end of FY '19, with the revenue increasing and debtor days going down, we can

Vivek Ganguly: On the government debtor side, will the 180 to 200 days scenario continue going forward? Will there be no significant change over there?

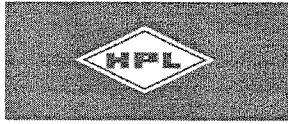
Gautam Seth: The benefits of UDAY scheme were expected to be accrued within a few months of its implementation but that has not been the case. We are hopeful that should happen sometime because on the generation side and the transmission side, the payments are getting back on track but when you see on the distribution equipment, this is not the case.



- Vivek Ganguly:** Even the inventory has shot up. Is it because of some structural issues that are there in the system?
- Gautam Seth:** The inventory pile-up is predominantly due to raw material and many large orders were in the execution phase, which led to the spike in inventory towards the end of Q2. Our production right from October and even the current production is at a high and those raw materials were built up during that time just to cater to the current production cycle. Going forward, when we see the second half, we do expect higher sales and production happening on the metering side, so eventually this raw material would get absorbed.
- Moderator:** Thank you. We take the next question from the line of Harsh Shah from Dimensional Securities Pvt. Ltd. Please go ahead.
- Harsh Shah:** Just following up on the previous analyst's question. Coming to the channel financing part, if you achieve your target over next two years and we are able to bring down the channel financing debtors by half and in turn it would help you reduce your debt, what would be the interest cost for the dealers? Will there be any discount?
- Gautam Seth:** The interest rate charged by the banks to the dealers is around 9.25% to 9.75%, which is competitive. It acts as an incentive to come into the program, so that is the interest cost, which gets discounted.
- Harsh Shah:** It will be borne entirely by the dealers?
- Gautam Seth:** In our regular sales without the channel financing, we have certain regular terms wherein we give cash discounts. We normally would provide a credit of 30 days or 60 days, depending on the product line, so that part of the cost is borne by us, which is normal. Anything beyond that, up to 90 days, is borne by the dealer. So, the dealer has flexibility in terms of payment as per our policy. He can go beyond that and avail interest from the bank or can prepay it, which is beneficial for him.
- Harsh Shah:** Next question is pertaining to your lighting division which saw a growth of around 93% in this quarter. Can you break it up into volume and price growth?
- Gautam Seth:** That is a very detailed question. We can probably try to share something off-line, but I can just give you a sense. If you see quarter on quarter, the LED business has done quite well. In terms of pure LED sales, on a year-on-year basis also for Quarter-2, the growth of LEDs is about 40% and on quarter-on-quarter, the LED sales have grown enormously and majority of this is in the B2C business segment. Our lighting business has grown to 52 crores in this quarter from 26 crores in the previous quarter, so we have doubled the lighting business from Q1 to Q2.



- Harsh Shah:** Despite a 20% YoY growth in the lighting business, the margins have fallen steeply from 18.5% to 11.2%. Despite such high-volume growth, have we not enjoyed any operating leverage gains on the assumption of no price growth? There should have been some leverage gains.
- Gautam Seth:** In FY'16 and during the beginning of last year, our margins on lighting were anywhere between 17% to 18%. This was due to Kumbhmela and certain one-off businesses where the margins were exceptionally high and due to our backward integration, we have been enjoying certain benefits. The LED prices have been, in the last two to three years, going down and there has been a constant pressure on the margins. Since last one year, our margins have been steady at 11% to 12% and the sustainable margins based on the current market scenario would be around 11% to 12%. With the government coming out with their own distribution through the EESL, there has been some disruption in prices. The only positive over the past six months is that the prices are now quite bottomed out and on certain value-added products, it has been moving upwards now, based on certain higher specifications.
- Harsh Shah:** Can we expect positive sales growth for the entire year, in lighting?
- Gautam Seth:** The festive season purchases happened towards the end of September this time. We have witnessed good traction on the LED front. This year would be the final one when we would be witnessing a drop due to falling CFL sales. LEDs last year and even this year, have grown at a decent rate. On the outlook front, the second quarter this time had the Festival sale, which was in Q3 last year, but overall, we do see a good demand for LEDs. GST has impacted our trade side business but there is more clarity on that front and with the reductions on segments like wires and switchgears, I believe that the overall trade should be positive now and that would eventually have a positive impact on the B2C sales of HPL.
- Harsh Shah:** The margin in wires and cables has reduced sharply, from 11% to 6%. Is this an aberration or will this be the norm?
- Gautam Seth:** The margin quite steadily grew to about 8%, from around 5-6% in FY'16. In this quarter, the volume was down, and copper prices have been fluctuating, which has impacted the margins. Going forward, we expect the margins to stabilize and attain a steady level.
- Moderator:** Thank you. We take the next question from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.
- Nilesh Doshi:** If you see on YOY basis, net of excise, I think our sales have gone up by 10%, is that correct?
- Gautam Seth:** The sales reported are already on a net basis. Excise has been mentioned below for last year figures.
- V.R. Gupta:** On YOY basis, it was on gross basis, earlier it was with excise and now it is without excise.



- Nilesh Doshi:** Why have the margins fallen substantially? The employee cost has gone up from 24 crores to almost 34 crores and your other expenses has also gone up. Can you explain these two, especially employee cost, even QOQ is very high?
- Gautam Seth:** Unallocable expenses are around 12 crores as against 14 crores. With this, EBIT margin for individual segments has come down. If we increase that, if we consider 2 crores upwards and subtract it, then individual margin will go up.
- Nilesh Doshi:** That is correct. But can you explain the reason behind the rise in employee cost?
- Gautam Seth:** We have recruited some new persons, especially in the switchgear segment.
- Nilesh Doshi:** Can it account for 10 crores on a quarterly basis?
- Gautam Seth:** I think there are two reasons. The first is the normal increment.
- Nilesh Doshi:** Okay, so that you gave in the second quarter?
- Gautam Seth:** Yes. The second is the new recruitment in switchgears segment. We have strengthened the LED division in our new premises and that has resulted in additional manpower cost. Both these factors contribute towards the increase in expenses, along with the wages.
- Nilesh Doshi:** On the yearly basis, should we take the current run rate?
- Gautam Seth:** Yes, this is the basis.
- Nilesh Doshi:** The other expenses have also gone up on a YOY basis from 18-19 crores to 25 crores?
- Gautam Seth:** One component is the advertisement cost.
- Nilesh Doshi:** How much you have spent this quarter?
- V.R. Gupta:** Advertisement cost in this quarter was 2.91 crores as against 2.2 crores during the corresponding quarter last year. Similarly, the R&D cost has also gone up to 2.07 crores as against 1.37 crores of the corresponding last quarter. Freight Outwards is another reason.
- Nilesh Doshi:** The difference is almost 7 crores on YOY basis.
- Gautam Seth:** Yes.
- Nilesh Doshi:** How do we understand that? Any one-time in other expenses this quarter?
- Gautam Seth:** This should be the basis now.



- Nilesh Doshi:** On the smart meter side, are we not geared up for the product specifications of EESL smart meter order? Why couldn't we attain even L3?
- Rishi Seth:** A technological shift is happening towards smart meters. In the next 5-10 years, we will witness a major transition to smart meters. EESL has come out with a pilot tender in UP and they have discovered some rates for the smart meters, but going forward, we see that all the states and all the utilities in this model will start opting for smart meters.
- Nilesh Doshi:** Wish to understand the reason as to why we couldn't attain L3 in EESL tender?
- Rishi Seth:** There were three to four factors which we considered when we did the pricing for this and the key factor was the new technology. We wanted to be sure on the payment terms and the payment terms of EESL were only 60% against the supply. We felt that it would not be in favor of the newer technologies, which are yet to be tried out. There's a case that the entire price will be fixed for three years flat. That was another reason behind not entering this price competitiveness?
- Nilesh Doshi:** We factored in those costs and placed our bid at higher price?
- Rishi Seth:** Yes, we placed our bid at a higher price because there is going to be a system integrator and then there will be interaction with the utility. There are two more phases after supply of the smart meter and only after those two phases are over, you will get the balance money.
- Nilesh Doshi:** In terms of cost per product, I think EESL tender has created a benchmark for all the utilities currently, is that correct?
- Rishi Seth:** No; because the L1 price is discovered by ITI, which hasn't manufactured meters since the past years and neither are their meters functional in any part of the country. So according to us, the price discovered may not be the right price and even the terms and conditions of the contract are skewed in terms of the payment recovery. L3 is KEONIC, which also does not have any experience on this. This is just the first order and there are many more to come, so we are not so worried about this rate determination.
- Nilesh Doshi:** There are almost 1.8 crore meters under various stages of negotiation for tendering. Are these meters, smart meters?
- Rishi Seth:** No.
- Nilesh Doshi:** We hear that the utilities are interested in smart meters. When is that shift going to happen?
- Rishi Seth:** Whenever a technology shift happens especially in metering, it is a gradual exercise. The bigger utilities try the new technology in a select few cities on a smaller scale, initially. If the pilot project proves to be successful, then the shift happens via large scale implementation.



- Nilesh Doshi:** Will this materialize from 2020 onwards?
- Rishi Seth:** Next two years we will start seeing upward movement in the smart meter orders and under UDAY, meterization is compulsory. There will be huge volume even for normal meters in the next 3-4 years, which wasn't the case last year.
- Nilesh Doshi:** Those are normal electronic meters?
- Rishi Seth:** Yes, because of UDAY, the utilities want to try out smart meters but on the other hand they must stick to their deadlines and meet the UDAY targets. So, they have to run the show.
- Nilesh Doshi:** What about the private utilities?
- Rishi Seth:** The private utilities are also opting for smart meters. They have started some trials. But as remains the case for any utility, they are initially opting for pilot projects before large scale implementation.
- Nilesh Doshi:** How does the business work for private utilities or even the public utilities? Will they buy meter from the manufacturers and integrator will handle the software and those things would be done separately by the utilities or it would be through the meter supplier or through the integrator? How does that business work?
- Rishi Seth:** The key point is the meter manufacturing. Most of the utilities are planning to give it to the meter manufacturers to run the turnkey project. The meter manufacturing expertise along with software integration, is not available with the rest of the turnkey operators.
- Nilesh Doshi:** But that was not the case with EESL?
- Gautam Seth:** EESL has made a differentiation and they have gone in for separate system integrator and separate manufacturers.
- Moderator:** Thank you. We take the next question from the line of Sanjeev Zarbade from Kotak Securities. Please go ahead.
- Sanjeev Zarbade:** My question is on the meter segment margin. While on a year-on-year basis the margins were lower, but on a quarter-on-quarter basis, the margins have improved to 15.6% against 13.9%. So just wanted to understand, was there any impact of transition into GST and all the disruptions that the industry has faced?
- Gautam Seth:** The fluctuations, even in the past, have been due to the product mix and the margin depends upon the specifications of the utilities and mix in terms of single-phase and three-phase meters sold during a quarter. As the volume goes up, the sustainable margins for us would be somewhere around 17% to 20%. On the transition to the GST, we have had a smooth transition,



barring one or two utilities where the pricing was not so favorable. We have witnessed this in UP and Telangana. Earlier there was VAT, there was excise and there were also entry taxes. Overall, the transition has been smooth. No significant positive or negative impact.

- Sanjeev Zarbade:** Sir, on EESL tender, based on the payment terms, do you see the overall payment cycle for this EESL tender to be higher than the usual ones of 180, 190 days?
- Gautam Seth:** Yes. In the normal utility tenders, the payment terms are normally at 60 days or 90 days which may extend up to six months. In the EESL tender, 60% is to be paid within 30 days of the supply, the balance 30% is after the system integration comes into picture, post which the payment is to be made within 60 days and then the 10% is spread over five years, almost 2% per year. In actual terms, the EESL tender has an elongated payment schedule on paper, but we have to wait and see how the execution happens, as there are various utilities involved, including the utilities.
- Moderator:** Thank you. We take the next question from the line of Mehul Mehta from Sharekhan. Please go ahead.
- Mehul Mehta:** In the presentation which company has shared, there is one slide on strong R&D thrust which talks about solar electrical products. Have we already launched this in the market or are we in the process of launching this?
- Rishi Seth:** In terms of solar products, the products have been already launched and we are getting our approvals and have already got our trial orders from a few solar integrators. We are focusing on our strength which has been the supply of electrical components.
- Mehul Mehta:** Are we the leading player in this segment or is there any competition? Can you share the market outlook for these products?
- Rishi Seth:** Currently, we are one of the players in the market and it will still take us one or two months before we can give some guidance on this, vis-a-vis the market share and vis-a-vis our penetration into the market.
- Mehul Mehta:** In a broad sense, what is the addressable market? In terms of quantity or market share, what kind of ballpark figures are you looking at?
- Rishi Seth:** The market is divided into three areas. One is the solar farms, which are the megawatt scale solar plants. The second is the rooftop and the third is the isolated solar installation, DC installations. All three require electrical components; electrical products in terms of distribution boards, both AC side as well as DC side, they require junction boxes, net meters, solar cables and solar lighting solutions, and street lighting. So, these are the areas wherein we have started penetrating and we are amongst the few players who have been able to provide these products with the required certifications.



*HPL Electric & Power Limited
November 16, 2017*

- Mehul Mehta:** But at this juncture you would not like to share any numbers, about the addressable market?
- Rishi Seth:** I will not be able to share our initial target, but this market is in the range of 400-500 crores currently.
- Mehul Mehta:** Putting all components together, you are saying?
- Rishi Seth:** The electrical components together, but in the next two months, we will have a better understanding of the market size and give appropriate guidance.
- Moderator:** Thank you. Ladies and Gentlemen, this was the last question for today. I would now like to hand over the floor to the management for closing comments. Over to you, Sir.
- Gautam Seth:** We would like to thank everyone for joining the call and giving us an opportunity to interact with all of you. We will be glad to address additional queries from your end and thank you once again, for joining.
- Moderator:** Thank you very much, Sir. Ladies and Gentlemen, on behalf of Edelweiss, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.