



# “Schneider Electric Infrastructure Limited Q2 FY2024 Earnings Conference Call”

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**Moderator:** Ladies and Gentlemen, good day and welcome to the Schneider Electric's Infrastructure Limited Q2 FY2024 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I 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 Seema. Good afternoon, everyone. On behalf of Elara Securities, we welcome you all to the Q2 FY2024 and H1 FY2024 conference call of Schneider Electric Infrastructure Limited. I take this opportunity to welcome the management of Schneider Electric Infrastructure Company represented by Mr. Udai Singh – Managing Director and CEO, Ms. Suparna Bhattacharyya – Chief Financial officer and Mr. Mohit Agarwal – Head of Investor Relations. We will begin the call with the brief overview by the management followed by the Q&A session. I will now hand over the call to Mr. Udai Singh for his opening remarks. Over to you Sir!

**Udai Singh:** Thank you Harshit and very good afternoon to all ladies and gentlemen who are on the call and thank you for joining the call and apologies for starting it a bit late, two minutes late. My name is Udai. I have just taken over as your MD and CEO of Schneider Electric Infrastructure Limited and as Harshit said I am joined by my able colleagues Suparna who is the leading the finance. She is the CFO and supported by Mohit. We all are here and I would also without wasting much of a time I am sure you must have gone to the deck which we had shared last day and I would right now would like to start from asking you and requesting to move over to page 2 despite the fact that we have not seen each other but at least you can see the picture of at least new people who have come on the board myself and Suparna. We also are trying to put some statements which we feel which are aligned to our mission what we want the company to be driven at, which are essentially if you read out is driving profitable growth with digital and sustainable products and services of consistent quality and keeping customers at core this is what I strongly feel for your company and also Suparna who strongly believes in supporting a profitable business growth with the right balance of risk management, compliance and good governance. This being first for both of us we wanted to just tell you as to what we are trying to do with your company, and this is what we are trying to move on with these statements in mind and these actions in mind. Now I request you to go to page number 4 which actually is talking about how do we see the market and what is the outlook for us and which is if you read at which is we are sort of bullish I would say with the Make in India initiative of government which is trying to infuse about 30 lakh Crores in next 5 years and if you read out there are certain columns which we have tried to make which are the major contributors or levers on which we will run your business. If I just take the first one which is the RDSS I think you may be aware this is the government scheme for strengthening the existing distribution infrastructure. We see about two and a half lakhs or plus that value to be getting spent in next four years time which is actually focusing on

how do we reduce the losses, how do we make the grid more efficient how to introduce the smart metering, how to strengthen the existing infrastructure take it to the last mile and happy news is that we have all the solutions which can be proposed, offered, sold in these areas. If I talk about the basic equipment the SCADA, the advanced distribution management systems which are ADMS, and other advanced metering infrastructure is all we have in our portfolio which can be handled, and we have been working right to leverage these investments which are being planned by government. The other sector I think you must be reading out and this is something which again is being talked about is the semiconductor business which is actually now been flourishing because we are trying to see as to how to make China Plus one strategy that everyone has in mind and MNCs actually have thought of investing about close to 60,000 in next four years in this which actually involved in investment around battery plants whether they are the lithium ion or whether they are the new technology emerging technology of lithium ion and phosphate or the manufacturing of the same and we see huge potential even coming from here. There are lot of people who actually have been investing in this big names which we are actually rightful connected with them as well for example talking you know about Foxconn; they declared investment pattern of about 8 billion being spent. We have people like Micron with people like that who actually have involved investment here and we see this as something which is going to help us in trying to see and drive whatever we thought which I mentioned in the beginning which is a profitable growth. Now if I speak about the green growth, you see this something what happened and what our honorable PM has also mentioned. There is a lot of I would say focus and drive which actually is happening on the ground on this. Government is trying to spend about 7,000 Crores on green hydrogen mission. There is a green hydrogen mission which has been rolled out which actually would mean typically generating about 15 to 20 giga of the capacity addition because we want to be ready by 2030 about 125 gigas of addition of having our mission of 500 gigas in the country for renewable. We are trying to see as to how the landscape is emerging where we can support with lot of equipment what we make loaded with lot of digitalization, lot of software is something which we have been working on this. We have those skills with us which we are trying to see as to how this will roll out in this very capital-intensive infrastructure segment. Now the data centers there is nothing which I will be adding but we all know the way these days the advent of 5G and AI actually has been trying to take the data center requirement up in the country. Just to give you a perspective we had about 138 data centers when we closed 2022 which were drawing up about 640 megawatt of power. The plan is to add another 45-50 data centers in coming years and the total demand should be going 1000 megawatt plus and there are so many of people actually have trying to make investments here, Amazon is the largest one which is making and declared about close to \$12 billion investment coming up then we have SGT, we have NTT which are planning to invest \$1 and 2 billion respectively and besides data center they are working on large data centers. They are working on edge data centers in small countries see the usage of internet, arrival of 5G, extensive artificial intelligence usage will see this segment grow. We are very rightfully connected and hopefully this is something which will aid us in trying to drive business in coming times. Last on the page if you see is the mobility we have been seeing the way it is emerging, amongst all of us is

emerging as to how do we move from the fossil driven or the ICD engine vehicle to a EV vehicle which involves a lot of investment in battery plants and we are talking about 40,000 Crores being invested in the battery plants and there are so many people who have started investing, government is supporting by rolling out the PLI scheme around this sector some 20,000 Crores have already been declared, there are three, four people who have already been identified who will do this and we are trying to see with our solutions and the expertise which we have around these solution we can make some orders come to us. Also, I would like to mention about one more very specific thing which your company has which is the solutions which is on the locomotives. You must have heard about the Vande Mataram Scheme government is planning to roll out 475 Vande Mataram equivalent trains out of which 75 of them are expected to be running within India covering a distance of 10-12 lakhs is something, the plan is very ambitious and there is a right offer, there is a right solution, there is a right product which actually we can leverage this bullishness which is around. Now at the same time I would also like to mention which you can read in the table below are other relevant segments who are also investing where we typically operate, and which also will give us some tail winds in reaching as to what we are trying to do. Typically I would like to make about the sale which is a backbone of steel which is investing and trying to make up the capacities from 18.5 metric tonnes to about 30 metric tonnes and investing money about two and half thousand Crores things happening at food and beverage sector know this is something by nature this supposed to be coming up quick because infrastructure easy to put up guys like Nestle, Mars are all trying to do with things here. A lot of things happening on the water side because the situation of water, the population which we have, the type of water which we have in India something which is large value desalination plants are being planned in certain parts of the country which will help us in trying to push our solutions here as well. Metals is not far away because of the infrastructure push of government which all of you know and the core is aluminium and copper for making all infrastructure. All the people who are producers are actually having a very ambitious plan and all in all I would like to put as the market outlook is positive for us and we are just counting as we are trying to make things work. Now I will request you to move on to slide number 6 which I am happy to share that what are the wins which your company has done and if you see there are few slides around this and this talks about our presence, I would say in all the sectors which you can see picture can give you some clue. The first one on slide six on the left side is where we have given E buildings this is a new developed technology where we try to bundle everything all solutions in a metallic I would say cuboid which is a large size to it and this is being patronized by all distribution companies private as well as government held so this talks about something which we did with a leading distribution company where the solution was our primary gas insulated board and Premset which you see which is a design where we are trying to push our SFC technology something also which was there. Now this gives us limitation of the up time and also, we were single OEM partner for the complete distribution solution then on the right you see this I am again happy that we are there where we have tried to see and put up the installed base which has been inserted with some intelligence which works on AI and which is actually used for monitoring of these 27 transformers which are spread at eight locations pan India. Now just to tell you as to what is this is

something where transformer if you can perhaps relate to is something which is the heart of the entire power ecosystem and it is extremely important and relevant for the user to have some prediction about the health of this transformer and this solution which we have actually made which we call as EcoStruxure Transformer Expert which is acronym as ETE help the consumer to do this and this is something which we see the future is perhaps this where people will try to get this offer and try to say so that they can ascertain the continuity of power in their setups. This is something which we are counting as some offer which will do wonders in coming time. I would request you now to move on to the next page slide number 7 again in one of the aluminium sector the guy who actually are making the white metal and there we have actually been in a position to supply. The company has been able to supply very highly digitalized panels which actually is very sustainable, extremely safe, energy efficient and it has got full scalability. Now what we are additionally been possible to do by the digitalization which has been done is we are able to do the asset monitoring which is essentially what we supply. We can monitor how is that been working and also a real time indicator of what has been happening in the equipment which has been supplied. Now if you talk about the right I am so happy that company was the first one where we had given in the world which hosted the full solution end to end automation at one of the airports in India which will set as in reference to wherever all the airports which are going to come in future for serving the growing population, I would say not growing only growing and getting richer population of the country in times to come. Here the solution has been all across the layers which are hardware, the digital hardware, the software which sits on this, the analytics which sits on top of the software where you can bring out a meaningful data out of it. Now I would like to go to slide number 8, eight again is just in continuation of what your company has won it is the second continuous order which we have got from this client within one year again in steel manufacturing where we have actually supplied our equipment again digitalized so that they can help them to drive a scalable and get connected and derive some meaningful result. The picture on the right is the sixth win which the company has taken from one particular state utility board which has come in just one year so that is something which we have done where solutions are being proposed and the utility has been happy with the experience which they saw with us so that there is six repeat order which came within a year. Now I will move on to slide number 9 which is the services, one important element which we are trying to see and serve our customer because finally customer is looking up to us as to how good service, we do with the asset we already contain. So, I am happy to announce that we have grown year or year about 50% more in orders and 70% more is what we have sold now this has come through because we are trying to drive this through renovation, modernization, investment pattern which we are trying to drive and make people realize about the recurring services. We are trying to see how do we make the products which are non digital I would say to digital by putting sensors, by connecting it, by telling the beauty of the software what type of saving will that customer will accrue and with all that we are seeing this acceleration which I just mentioned about 50% growth in orders. Now we have done big wins. The company has done big wins, we have revamped the existing install base of a leading power company. We have actually taken up the reliability of the existing system in a major Mumbai DISCOM. We are trying to see as to

how do we help and align in Make in India initiative of different public sector companies. We have tried to see as to the reference which you saw the transformer which I gave you the one of the company is how do you digitalize the existing transformers so that the reliability are ensured and the outages are minimized and going forward also we are working on this and we will see as to how do we reach out to more and more clients try to prove them as to what we can do for them drive some value in their mindset and try to work together so that we can drive business. With this I will pause here, and I will give mic to Suparna who will actually tell you more about the numbers. Over to you Suparna.

**Suparna Bhattacharyya:** Thank you Udai that was a great perspective that you gave about the business and good afternoon, everyone. I am happy to share the key indicators of your company and the performance in the last quarter and the last 6 months for this financial year. So going to slide number 11 which is the orders for the quarter, so we are at 64.7% higher above the orders of the similar period of last year at 492 Crores and for H1 we are at 938.77 Crores which is 40% above the similar period of last year. We see very good momentum in orders driven by the P&G - the power and grid, mobility and other electro sensitive segments. Going on to the next slide the sales indicators for the quarter and the first half of the year we closed sales at 495.81 Crores which is 17.8% higher than Q2 of last year and similarly a good traction in the H1 orders. We are at 991.06 Crores over last year which we closed at 792.3 Crores. Again, this is coming from the good momentum in sales driven by power and grid, the MMM sector, mobility and other electro sensitive segments. You can see that we are quite aggressive in the orders, and this is basically to fill our factories in the coming quarters so that we are able to give good results to you and ensure good performance overall. Now coming to the P&L statement so as you have the numbers with you beforehand, you can surely see a very significant improvement over the results of Q2 of last year so if we go line by line, so our total sales is at 497.53 Crores and out of this the pure sales if you see it is at 17.8% higher than similar period of the last year. We have good gross margins as well you can see an upside in that and this has basically come from the growth in sales, the change in the sales mix, and some stability in the material costs over the last period. Then we can see that there is a small marginal increase in the employee cost. This is quite marginal so nothing significant to explain. However, the other expenses have risen by 18% and they comprise more of the sales driven expenses. Apart from that the depreciation increase you can see that has come as a result of the increase in the asset base in the organization. The interest expenses have reduced because we have optimized the loan and reduced a bit of it by generating good cash in the organization and ultimately you can see that the profit after tax is at 8.6% vis-à-vis last year similar period which was at 2.1% which is up by 6.5 points. Going to the next slide which is the H1 performance versus the similar period of last year, our total sales were at 995.1 Crores and the pure sales increase by 25.1%. Our gross margins again increased by 4.2 points reasons are quite similar as shared in the Q2 results. We had some similar efficiencies in Q1 as well. Employee cost it is a timing difference basically in the employee cost as we see mostly. Other expenses again sales driven as I mentioned, and they have risen. Depreciation again mainly an impact of the higher asset base and interest almost similar and at

the profit after tax level we are at 7.8% for 6 months of this financial year which is up by 3.3 points of the last year. So, thank you all for your support and now I pass on the call to the operator, and she can put the call open for questions.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin with the question-and-answer session. We take the first question from the line of Suraj Malu from Catamaran. Please go ahead Sir.

**Suraj Malu:** Thank you for giving me this chance. Sir I had one question referring to the page number four of the investor presentation so on the power and grid segment, it is mentioned that the implication for the listed entity is smart meter as well so just wanted to understand if smart meters is a part of the listed entity or not.

**Udai Singh:** It is actually a solution which is driven it can encompass the smart metering as well so it is the entire end to end solution where smart metering can be part of the scope of the contract which the buyer may decide and smart metering when the solution is done from us it is part of us.

**Suraj Malu:** So, it is a software solution and not the physical product of smart metering.

**Udai Singh:** No, it is a smart meter as well so you have a smart meter then you have the connectivity then you have the software as you are saying you right so when it is done like that it is actually taken as a project job many times in times to come it may happen then it will be under us.

**Suraj Malu:** Got it okay thank you.

**Moderator:** Thank you. The next question is from Manish Goyal from Thinqwise Wealth Managers. Please go-ahead Sir.

**Manish Goyal:** Yes, Sir thank you so much. I have couple of questions. Sir first on the gross margin side like for the third quarter in row we had seen gross margins at 36% and congratulations for that. I would like to know how do we see going forward, do we see it maintaining this levels.

**Suparna Bhattacharyya:** Thank you for your question. Gross margin it should be of similar nature unless and until there is a significant change in the raw material cost which is practically not in our control so we will try to definitely maintain such kind of gross margins and hope to see that we do not deviate much on what we are already anticipating.

**Manish Goyal:** Okay so basically like the order book what we have, we have a fair degree of visibility on maintaining the margin.

**Suparna Bhattacharyya:** Yes, as of now because we have gathered a significant amount of orders to be executed during the remaining part of the year. We are in control of the margins.

**Manish Goyal:** Great madam and historically Q2 we always used to see within employee expense a certain element of ESOP cost involved so is there any element in this quarter as well or in first half.

**Suparna Bhattacharyya:** Yes, it has been there in this first half and between last year and this year it is timing difference, but it has been factored in H1.

**Manish Goyal:** So is it in Q1 or Q2 madam and how much is the number.

**Suparna Bhattacharyya:** It was in Q1.

**Manish Goyal:** And what was the amount madam.

**Suparna Bhattacharyya:** We cannot give that exact number because it is related to the compensation of people.

**Manish Goyal:** Sure, and madam would it be possible to share the breakup like revenue in terms of projects in services and our transactional products if you can please share the numbers on revenue side, order inflow side, and order book side and maybe if you can give us the order book number, outstanding order book.

**Suparna Bhattacharyya:** So, we do have an outstanding order of close to Rs.1200 Crores. I am giving you a round figure or maybe precisely it is 1215 if I have to say, so we are quite loaded in terms of the order executions that have to happen during the remaining part of the year and you also wanted the breakup between the different kinds, so for Q2 of this year our system business was 64%, transaction 23%, services 13%.

**Manish Goyal:** This is you are giving me revenue or order flow.

**Suparna Bhattacharyya:** This is the sales breakup.

**Manish Goyal:** Okay and how much is IG madam of the total revenues.

**Suparna Bhattacharyya:** IG is close to 19%.

**Manish Goyal:** Okay that is included in the projects.

**Suparna Bhattacharyya:** It is included in the system revenue.

**Manish Goyal:** Sure, madam and if you can please share the order inflow, if you can give me the order inflow for the IG as well as the breakup of the external inflows, please.

**Suparna Bhattacharyya:** So, the order breakup is equipment is 42%, projects are 17%, transaction is 22%, and services 19%.

**Manish Goyal:** And the IG number please madam.

**Suparna Bhattacharyya:** So, IG I can tell you the value, so this is about 100.2 Crores.

**Manish Goyal:** Sure, madam last question on the status for our Kolkata plant how is it progressing. I believe we were expecting it to probably start it by the year end and what I see from the cash flow statement is that there has been a capex of 23 Crores in the first half so maybe if you can enlighten us on the capex plan and the progress on the new Kolkata, thank you.

**Udai Singh:** So, we are moving on the right track in Kolkata and things are moving as per plan and we expect that that should be happening and going live sometime next year.

**Manish Goyal:** Sure Sir. I have few more questions I will come back in the queue. Thank you so much.

**Moderator:** Thank you Sir. The next question is from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead Sir.

**Apoorva Bahadur:** Thank you for the opportunity. Madam you provided the breakup for revenue into systems, transaction services can you also break up the system revenue into equipment and projects.

**Suparna Bhattacharyya:** So, equipment is 33% and projects 12%.

**Apoorva Bahadur:** Perfect and madam the order book break up please.

**Suparna Bhattacharyya:** Order book so we have systems at 66%, transactional 17, and services at 17%.

**Apoorva Bahadur:** Perfect that is very useful. Secondly, I also wanted to know about the RDSS scheme firstly what would be the **32:35 audio cut** in this scheme and secondly by when should we expect the materialization of orders here.

**Udai Singh:** See RDSS schemes involves lot many things which we can do now because RDSS I am sure you may be aware that is an investment which is announced by the government which runs into 3,03,000 Crores supposed to be getting done by FY2026. Now there is a dashboard which government runs which talks about the status of all the disciplines, how much money has been infused and what is the project status where they are reaching, you can always get to that which will give you some idea about as to how the project has been moving and how much of investment we typically would like to have from the government in coming times but from our side we have multiple offers and solutions which can be worked upon depending on how strategic they are to us we can do in the risk scheme

and project but the status I think more than me the government side itself will give you the overall spend and everything in very elaborate and very illustrative dashboard which has been made by government.

**Apoorva Bahadur:** Sir this dashboard you are talking about is the smart metering dashboard.

**Udai Singh:** No, I am talking about the usage and the status of the RDSS scheme by itself.

**Apoorva Bahadur:** Okay sure Sir thank you so much. That is all from me.

**Moderator:** Thank you Sir. We take the next question from the line of Raj Rishi from DCPL. Please go ahead Sir.

**Raj Rishi:** By when can you scale up your software and services related business as a percentage of total revenue significantly.

**Udai Singh:** We are working. This is a continuous effort which has been put. This is not which will happen overnight it involves a lot of field work as you may understand, lot of concept, lot of realization and value addition which needs to be proven but let me assure that we have been working on this and this transformation will happen in times to come.

**Raj Rishi:** I believe Schneider globally had taken over a company and that particular company has a subsidiary in India which is also into this medium voltage, so I believe in the previous call there was some talk of merger between getting it all in the listed entity any comments on that.

**Udai Singh:** We have no visibility around that.

**Raj Rishi:** Okay thanks.

**Moderator:** Thank you. We take the next question from the line of Viraj Mithani of Jupiter Financial. Please go ahead Sir.

**Viraj Mithani:** Good afternoon and congratulations for the good set of numbers most of my question are answered. You talked about all this new segment, this airport, e-mobility does it mean we are shifting from more products to solution based company that is why the transitioning happening there and also would it mean that our margins in days to come would be much higher because if you can give some opportunity size on all the segments you talked about emerging market, green growth, mobility it will be helpful.

**Udai Singh:** See why we choose to talk about this there is nothing that we are leaving behind where they traditionally were. We are always there in that. We are trying to give a perspective as to how your

company is trying to shape up with the emerging segment and that was a good idea which we thought that perhaps we can tell how the company has been shaping up and our ambition is to keep on driving profitability and this is something which we will be between the technology and the selection of projects and things like this which will happen and evolve so it is not that we are coming out and we only talking about these new emerging sectors but as a matter of fact we thought that it would be relevant for you all to actually understand as to what the company is trying to do but these things which we are being talked about and being spoken about every day.

**Viraj Mithani:** So, we are becoming more solution-based company. We are probably moving towards a higher trajectory margin side that is what is the attempt is it correct to think that way.

**Udai Singh:** With a limited audibility which we have today here I think answer to your question is yes.

**Viraj Mithani:** Okay and Sir airport project you talked about what do we do there do we offer some medium voltage transformers, or we give some solutions to them like what was the project.

**Udai Singh:** Yes, the basic bricks are these and then we try to evolve the solution around depending on the customer needs, if somebody is asking something which actually is as the product which you mentioned something on top of it, we do that as well so that is what we call as a project.

**Viraj Mithani:** Okay and Sir the projects with the government side the money, the receivables are okay right, there I not an issue there because lot of problem before had happened in that cases.

**Suparna Bhattacharyya:** So, on the receivable side we are doing much better, and we can see a good cash amount which is being generated in the organization. We are working very closely with business and everybody and also customers to have the old receivables collected and now it is a much, much smaller amount as of today with respect to the old ones so we are seeing good efficiency in the collections as well.

**Viraj Mithani:** Okay that is it from my side madam. I wish the team all the best and very best for the future.

**Moderator:** Thank you. We take the next question from the line of Aditya Deorah from Divisha Investments. Please go ahead Sir.

**Aditya Deorah:** Good afternoon, Sir. Sir in the notes to accounts we have mentioned about an exceptional item regarding the shift of existing plant located at Salt Lake to a new place in Kolkata so are we shifting everything to the new factory we are setting up at Prospace or are putting up a new plant in Kolkata.

**Suparna Bhattacharyya:** So, the new plant will definitely take some of the equipment which are usable, and which are shiftable from the existing facility to the new one and in addition to that whatever is required we will be making the new structures etc.

- Aditya Deorah:** Okay and we plan to dismantle the unit in Salt Lake.
- Suparna Bhattacharyya:** Yes.
- Aditya Deorah:** Okay and like madam what is the percentage of our revenues right now, digital revenues like how much percentage of our revenues is digital revenues right now.
- Suparna Bhattacharyya:** So, we do not have that kind of a split with respect to digital because we often give a complete solution to the customers so that split is not available at the moment.
- Aditya Deorah:** Madam a few years back in one of the slides in the presentation you had mentioned that our targeted digital revenue percentage would be somewhere around 25 from maybe around 10-11 something like that so are we moving in the correct direction or in that particular direction at this point of time and where have we reached in the journey this is my basic query.
- Udai Singh:** Yes, we are moving in that direction itself. We are trying to see because with more and more digitalization happening with advent of AI which we are trying to bring it in the system and trying to prove some worth to the customer which we are doing so we are moving in that direction and that is what we are trying to do systematically and strategically as well.
- Aditya Deorah:** Perfect. Thank you, Sir. Your results were very, very pleasant. Thank you.
- Moderator:** Thank you. We take the next question from the line of Mr. Sanjay Kohli from Goldstone Capital. Please go ahead Sir.
- Sanjay Kohli:** Good afternoon thank you for the opportunity. Just wanted to know the breakup between sales to the public sector versus the private sector.
- Suparna Bhattacharyya:** We do not have that with us because we do our business mainly through the EPCs and where they further bill it to their end customers, so we are not monitoring that kind of a metrics as such at the moment.
- Sanjay Kohli:** The customer end you are not monitoring whether you are selling to the division between government.
- Udai Singh:** So let me take this. I think perhaps what you meant was that how many is being end used by government of India or whether are you interested in knowing the buyer profile whom we are selling.
- Sanjay Kohli:** It is the buyer profile not the end user. The buyer profile your, customers, public sector being the government or companies to industry and businesses basically your B2G versus B2B kind of breakup.

- Udai Singh:** So that is there in the transactional piece which I think Suparna just mentioned some time ago transaction is sort of channelizing it through partners which is typically if you see the sale which we have done in the quarter which just went by was typically about 23% a quarter of what we did and if we try to reach out to the end user which is government by either direct or channelizing it and typically the one which is coming from utilities of whatever we do which is the products which are being used up by utilities most of them is government is typically about 40% if I were to say this.
- Sanjay Kohli:** So, 40-60 mix, the 500 Crores of sales in the quarter will be 40% to government and 60% to the private sector customers.
- Udai Singh:** What I was telling you Sir was a high-level number because it is not that we follow the same numbers depending on this is a project business so typical if you take a larger time window then typically about 40% is coming from utilities and rest are coming from other segments.
- Sanjay Kohli:** Okay thank you.
- Moderator:** Thank you Sir. The next question is from the line of Sanjaya Satapathy from Ampersand Capital. Please go ahead Sir.
- Sanjaya Satapathy:** Sir thanks a lot for the opportunity. Can you just clarify that how much of your order book and revenue is to the group company and to the outsider.
- Suparna Bhattacharyya:** It is roughly 20%.
- Sanjaya Satapathy:** The order book number that you gave that is 1215 Crores does that include sales to group company or not.
- Suparna Bhattacharyya:** No, it does not include.
- Sanjaya Satapathy:** I mean this order backlog that you have that is of 1215 Crores what was it at the same period last year that is year on year growth is how much.
- Mohit Agarwal:** So, year on year growth Mr. Sanjaya is 24% last year in the same quarter ending on 30 September we were having 978 Crores of order backlog and now what we are having is 1215 Crores, so it is 24% increase to be precise.
- Sanjaya Satapathy:** Understood and Sir last question if I can just ask that that you have mentioned that your gross margin is kind of sustainable and you are getting good amount of order in flows so can we look at much better profitability and hence much more aggressive initiative in terms of capex to drive business.

**Suparna Bhattacharyya:** It is a little difficult to comment at the moment but as I mentioned we would try to maintain similar gross margin and keep a good control on the expenses so that is the outlook that we have.

**Sanjaya Satapathy:** Is there any update on the acquisition of the switch gear related business of Schneider.

**Suparna Bhattacharyya:** There is no visibility at the moment on this.

**Sanjaya Satapathy:** Thanks lot.

**Moderator:** Thank you. The next question is from the line of Suraj Malu from Catamaran. Please go ahead Sir.

**Suraj Malu:** Sir of the government capex that they have announced in the RDSS sector which is roughly 2.5 lakh Crores what will be the relevant market for the products that we offer the medium voltage product.

**Udai Singh:** It will be for most of the offers which we have. There are jobs where distribution companies are trying to revamp their existing structure or augment it or make it more reliable so and then make substations for better distributions involve something which is high end technology move away from the more compactor solutions for driving carbon footprint so we have actually even the ring main units or the AIS or the GIS everyone actually can be sold depending on what sort of utility, what are the plans are because speak about what is happening in AP what is happening in Goa they are different because the charter what they are working on is different but then the good news is that we have some things to offer at each of these Discoms.

**Suraj Malu:** So, like any number out of 2.5 lakh Crores like 50% will be relevant addressable market for the products or like a sense of proportion.

**Udai Singh:** Difficult to comment on that on a number perspective but I think I did mention sometime in the beginning that it is very good work done by government in terms of putting up a dashboard which tells you actually what the projects are what the tenders have been closed what are they trying to do somebody is trying to put up a transmission line we have nothing to do there, things like this. So, some state takes up 230 Crores for example and they say 130 Crores coming for putting up additional overhead lines so we have no work there but if someone says no, I want to go underground and then I need a distribution which will actually help support the underground over at present setup we have an opportunity there for supplying ring main units so it depends. It is difficult to quantify as of now if you ask me.

**Suraj Malu:** Got it and just last thing what will be that product which is relevant for shifting from overhead to underground lining.

- Udai Singh:** So, when you typically do it you actually do talk about having a separate network which handles it and there are a lot of people as I mentioned. One of the drivers of RDSS is how do you make SCADA adaptability etc. come up, so we are talking about smarter ring main which speak to each other so that the outages can be curtailed and managed better so those are the areas where we can actually help the city to do what they want to do.
- Suraj Malu:** Okay thank you Sir.
- Moderator:** Thank you Sir. We take the next question from the line of Mr. Manish Goyal from ThinQwise Wealth Managers. Please go ahead Sir.
- Manish Goyal:** Thank you so much for providing another opportunity so as far as the old plant is concerned at Kolkata has it been shut down completely or it is a phase wise movement what we are doing.
- Udai Singh:** So, it is working it has not been shut down and we have a robust plan of actually moving it at what Suparna was saying some time ago. All disruptions will be planned disruption.
- Manish Goyal:** Okay great Sir. Sir any timeline would you like to specify next year by when the new facility can start Sir.
- Udai Singh:** So, it is complex infrastructure which we are trying to make which is going to be a state of art and there are multiple parties who are helping us to do. We expect that this should happen sometime next year as I say and as we move on, we will keep highlighting the status as to how we have been doing there.
- Manish Goyal:** Sir how are export revenue shaping up. In Q1 we had a 28 Crores revenues and ideally, we are seeing that export revenue share has been 12 to 15% for us so in this quarter what is the number and how do we see it going forward and related question Sir are we seeing any disruption due to geopolitical situation in Middle East and Europe both for in terms of sourcing material from there or even our export sales.
- Suparna Bhattacharyya:** So, the export sales for this quarter is 31 Crores and regarding disruptions we are not seeing much of disruptions. We have some mitigating actions also lined up so there will be no critical bottleneck as for the current situation as of today.
- Manish Goyal:** So, supply chain has been more or less normalized for the component what we have been semiconductors and component.
- Suparna Bhattacharyya:** Very slight disruption is still there but it is not really stopping our sales plan etc.

- Manish Goyal:** Last question on the order pipeline growth like how are we seeing, you did elaborate various segments in your opening remarks but like if you probably want to get a more handle on the number side like how do we see the pipeline number growing and second related question in terms of do we see any challenges in terms of slowdown ahead of general elections next year thank you.
- Udai Singh:** You see the pipeline is supportive of what India looks and that is not only true for us it is true for everyone, and I think your point is valid there may be some embargo on certain government decision which will happen as we move on going to the general election in this five states and it is difficult to predict. We can anticipate there will be some deferment of closures which might be there but at the same time because of a business as I answered some time ago that this is not directly from government as well and there are a lot of EPCs who actually keep on patronizing us and giving orders so that will not get impacted by elections any way but we do see that there may be certain exposure which we directly have with government and something which was related to get orders sometime just after Q4 and early Q1 that may get shifted know for a while so we are not able to quantify we are actually gearing ourselves so that we can see and we can have a consistent orders.
- Manish Goyal:** Great Sir thank you so much.
- Moderator:** We take the next question from the line of Mr. Akash from Dalal & Broacha Stock Broking. Please go ahead Sir.
- Akash:** Yes, thanks for the opportunity, madam just one question if you could elaborate more on the exceptional item that is reflecting in this quarter.
- Suparna Bhattacharyya:** So, the exceptional item is basically we have taken some provisions to take care of the shifting of the factory from the current location in Kolkata.
- Akash:** Okay so have we reversed the provision, or have we made additional provision, we have made addition right.
- Suparna Bhattacharyya:** The first time that we made this provision.
- Akash:** Okay and how do you expect this item to I mean recur in the books in the coming quarters.
- Suparna Bhattacharyya:** We have not yet made any analysis on that for the coming quarter so as and when based on the progress of work etc we will take a call and then we will put into our book.
- Akash:** Got it okay.

- Moderator:** Thank you. We take the next question from the line of Viraj Mithani of Jupiter Financial. Please go ahead Sir.
- Viraj Mithani:** Just one question I just want to know what level of capacity realization we are on right now.
- Udai Singh:** So, we have different factors for different lines which we have. Typically, we are working at an optimal level I would say. Few lines plus few lines minus but on average we are at optimum level or shade more than that.
- Viraj Mithani:** Okay thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question for the day. I would now like to hand the conference over to Mr. Harshit for closing comments.
- Harshit Kapadia:** Thank you Seema. We would like to thank Schneider Electric Infrastructure management for giving us an opportunity to host this call. We would also like to thank all investors and analysts for joining for this call. Any closing remarks Schneider Electric team.
- Udai Singh:** I would first like to wish a great and happy Diwali to everyone who is on the call to them, their families and want to give an assurance that we are working and trying to take your company to the right direction all put together so thank you again for joining this and wishing you great success ahead.
- Suparna Bhattacharyya:** So, wishing everyone a very Happy Diwali and again thanks to everyone for your confidence in the new management and your support and we will live up to your expectations and we will try our best to achieve. Thank you very much.
- Moderator:** Thank you. On behalf of Elara Securities Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.