SEIL/Sec./SE/2022-23/33

August 5, 2022

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Listing Department
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Bandra (East), MUMBAI 400 051
Fax # 022-2659 8237/8238/8347/8348

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BSE Limited
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MUMBAI 400 001
Fax # 022-2272 3121/2037/2039

Symbol: SCHNEIDER

Scrip Code No. 534139

Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

In continuation of our letter(s) no. **SEIL/Sec./SE/2022-23/32** dated August 4, 2022, please find enclosed herewith the transcript of the conference call held on August 3, 2022 for discussing the earning performance of 1st quarter ended June 30, 2022.

This transcript is also available on the Company's website i.e. www.schneider-infra.in.

We request you to kindly take the above on record.

Thanking you.

Yours Sincerely,

For **Schneider Electric Infrastructure Limited**

Bhumika Sood Digitally signed by Bhumika Sood
Date: 2022.08.05 19:18:23 +05'30'

(Bhumika Sood)
Company Secretary and Compliance Officer

"Schneider Electric Infrastructure Limited Q1 FY23 Earnings Conference Call"

August 3, 2022

MANAGEMENT: **MR. SANJAY SUDHAKARAN – MANAGING DIRECTOR**
MR. MAYANK HOLANI – CHIEF FINANCIAL OFFICER
MR. VINEET JAIN – HEAD, INVESTOR RELATIONS

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

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY23 earnings conference call of Schneider Electric Infrastructure Limited hosted by Elara Securities Private Limited. As a reminder, all participants' 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harshit Kapadia from Elara Securities. Thank you and over to you, sir.

Harshit Kapadia: Good evening to everyone. On behalf of Elara Securities, we welcome you all for the Q1 FY23 conference call of Schneider Electric Infrastructure Limited. I take this opportunity to welcome the management of Schneider Electric Infrastructure represented by Mr. Sanjay Sudhakaran – Managing Director, Mr. Mayank Holani – Chief Financial Officer, and Mr. Vineet Jain – Head, Investor Relations.

We will begin the call with a brief overview by the management followed by a Q&A session. I will now hand over the call to Mr. Sudhakaran for his opening remarks. Over to you, sir.

Sanjay Sudhakaran: This is Sanjay Sudhakaran. I am the Managing Director of Schneider Electric Infrastructure Limited. A very good afternoon to all of you and I welcome all of you to this earnings call. Without much ado, I will go straight to the presentation. If we go to the slide #3 which is page #3, we will briefly talk about the economic outlook of the country. As you can see that the GDP forecast for the country has been slightly brought down from the earlier bullish outlook that we had, this is primarily due to there are concerns regarding the global situation, inflation in certain countries are very high, there is fear of economic recession, the freights increasing the rates, etc. and also a feeling of reduced consumption in the rural economy in India. However, I would say that the demand pattern continues to look strong in terms of our segments, which we will talk a little bit later. We assume that these concerns around the global situation, etc., would fairly leave India untouched, at least for a few quarters till now. That's what our expectation is, but it's a very dynamic situation out there in the globe, and it is very hard to predict the situation as we go forward. So, we treat these parameters, etc., with a certain amount of caution and we plan our investments and are way forward accordingly.

Going on to the next slide, a little bit overview on the key segments that we operate in. The power & grid sector continues to show strong promise despite the challenges here, the privatization which is not going as fast as the government assumed it to be, but there is a significant amount of money that is being pumped in for digitization and modernization of the networks. So, we continue to piggy bank on this particular activity. Also, there is a major thrust towards renewables. There is a firm commitment by the Government of India to change the energy mix of the country by 2030 and by 2070. So, I think there will be continued investments in solar and we are also planning our product introductions, etc., in line with this trend that we see. Of course, there is a great push for Make in India. We have a factory and we have the technology available to localize the products and keep adapting products as we go forward.

On the mining, minerals, and metals, I think it has been a strong 2 years, but we see some consolidation signs happening in the market as far as cement is concerned, and all over you would have also heard about some large-scale exits. There will be some conservatism as far as CAPEX is concerned in this segment going forward and perhaps, we would need to brace for that as well. But there is a huge push for sustainability solutions in this particular segment, especially given the nature of the business that it is in. So, there are sustainability projects which are being launched by these corporations and we will definitely benefit from this trend.

On the mobility side which is primarily transportation, automobiles, EV charging, EV equipment, etc. I think there are very positive signs of infrastructure buildup across the country both in terms of road, metros, EV charging facilities, etc., and we are well poised to be a very strong player in this segment as well. The data center segment continues to be strong. We see more and more players coming into India and there is a huge buildup of data centers happening in India and these are also sort of electro-intensive and we see that these macro trends will benefit the country as we go forward and the company as well.

Going on to the next page which is page #5, I think the entire story around Schneider and its push towards sustainability is to make sure that more and more products that we have are digitized, connected, connectable, sensorised, etc., to make sure that we leverage big data across these products and be able to optimize solutions for the customers move from more of a reactive maintenance to more of predictive maintenance and use apps and analytics to be able to succeed in this particular segment. And we have a basket of software's which are primarily Schneider software's which we can leverage to be able to be part of this journey, and we are preparing our equipment also to be in line with this journey.

Going on to some of the wins that we have on the digital wins, we see that there is a very good project which we are doing for a large cement company on waste heat recovery. As I told you, there are sustainability trends in the cement industry, which cannot be ignored and there will be CAPEX flowing into this particular segment to make sure that the segment is more sustainable as we go forward and we have a good play with our equipment's as well as digitization offers to be able to succeed in this particular area.

Going on to slide #7, here is another repeat order from a defense facility for one of the submarines which was equipped with Schneider panels. There is a large pull-through. This is the second order of a large magnitude which has come to us in the previous quarter and we continue our story on services here positively.

Going on to slide #8, some of the emerging segments that we spoke about – wins in the EV charging segment. It is still nascent to begin with but it is a strategic area and we are focusing here to make sure that we enable our entire suite of products, connected products as well as the various softwares and microgrids to be able to succeed in this particular segment. We have prepared ourselves with a small team which is working on the conceptualization and the follow-through for this particular segment.

With this, I hand over to Mayank Holani who is the CFO of the company to give you a little bit on the financial update. Over to you, Mayank.

Mayank Holani: Good afternoon ladies and gentlemen. Our orders intake for the quarter stood at 3,680 million INR for the quarter, which is up by about 27.5% over last year same quarter and this growth is mainly driven by cloud and service providers and mining, mineral, and metal segments. As a result of this good order growth, it has helped us in improving the backlog by about 8% versus the March '22 quarter. So, in the last 3 months, we have built up an additional backlog of about 8%. Sales for the quarter grew about 28.9% at 3,715 million INR. In terms of segments, it was a mixed bag – some positive, some negative. But there has been a good…. We remain cautious in terms of order booking with respect to the terms & condition, payment, timelines and all to ensure that our margins and cash is secured and we don't risk on that.

Further, we will move on to the next slide to give you an overview on panel – slide #11. Sales, as we discussed, these additional sales and with the improvement in mix, we have been able to improve our gross margins by about 2.2% versus previous year same quarter and our net profit for the quarter stands at before exceptional item 138 million versus a loss of 161 million in the previous year. That's the delta of about 9.3 points. Exceptional item which you see here is a kind of a fair value adjustment based on the extension of loan which we have done, which was an already existing loan. That's a notional gain recorded in the accounting. So, the net profit after tax is about 264 million versus 161 million loss in the previous year.

This quarter was also impacted by raw material inflation and while we continue to pass on the impact to the customers as and where we are possible. So, partial impact is going to customers, partial is impacting the P&L, but I can say that we have been managing it pretty well in the circumstances which are there considering the price hikes, raw material shortages, and the hedging, etc.

With this, I will close here and leave the floor open for Q&A.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aditya, an individual investor. Please go ahead.

Aditya: My question here is, what is the current backlog at Q1 FY22?

Mayank Holani: Our backlog as of the end of June 2022 is 10,079 million INR or about 1,008 crores versus 9,332 million at the end of March 2022.

Aditya: So, backlog has increased?

Mayank Holani: Yes, about 8% increase versus March.

Aditya: How are you placed in terms of supply chain now?

Mayank Holani: Supply chain situation remains challenging. The electronics are still not normalized. Then, due to the Ukraine conflict, there have been challenges on a couple of other commodities also like some specialized steel at all. So, we can't say that it is normal.

Moderator: The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: Sir, if you can briefly touch upon all the four segments how the order inflows are panning out in the next couple of quarters, that would be helpful.

Mayank Holani: You mean the mix, right?

Anurag Patil: No, sir. The order inflow, whether you are expecting stronger inflow in any of these segments, particularly within the mining and metals, are you expecting any slowdown due to metal price correction, etc.?

Sanjay Sudhakaran: We did touch upon this topic briefly. It is not because of the softening of pricing that we see. India has requirement for infrastructure. Basically, the strong drivers for growth is infrastructure demand. But we see that there has been a good amount of CAPEX formation and investments into the cement sector in the past few quarters. So, we might see a little bit of slowdown if the infrastructure growth does not keep pace. That's the kind of outlook that we have. It is too early to say for sure.

Anurag Patil: Particularly on the metal side, are you expecting any delays or postponement of CAPEX because some of the large cap good companies are kind of witnessing such kind of delays?

Sanjay Sudhakaran: There has not been a lot of fresh investments into metals in the past few quarters if you really see. So, we don't see a material change.

Anurag Patil: Sir, next question is on the gross margin side. Do you think these kind of gross margins are sustainable going forward? Or any color on how the raw material prices are panning out for us? Are you witnessing any corrections or anything?

Mayank Holani: Obviously, this margin which you see in the current quarter is a bit higher than the average for the last couple of years also probably because of the mix. This is obviously a little bit higher margin in the mix. But yes, in this already there is an impact of raw material inflation factor. If that normalizes, then we should see a better margin. But our continuous focus is on improving the mix. The margin improvement comes from pricing but it is always a competitive market. But we continue to focus also on improving the mix which helps the P&L.

Moderator: The next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani: What is our order book size and breakup segment-wise?

Mayank Holani: Our order book size at the end of June, as I mentioned earlier, is about 1,008 crores.

Viraj Mithani: Can you give the break up of the segments.

Mayank Holani: Breakup of this segment is; systems 64%, transaction 22%, services 14%.

Viraj Mithani: My next question is, we talked about in the presentation the defense and others. Where do we have in the defense? If you can give more color on that like the submarines which you mentioned.

Sanjay Sudhakaran: If you would say, it is because of the installed base in the submarines that we are getting the pull-through revenue. So, the concept that we are trying to tell you is that we are focusing not just on the CAPEX businesses, but we are focusing on the lifecycle revenue that a CAPEX can generate over say 15-20 years of time. So, one of the levers is spare parts. The other lever is software and analytics and the attachment that it brings to your services revenue and through analytics, the pull-through parts that you can generate.

Viraj Mithani: Then, it will be broadly a service-based revenue, right?

Sanjay Sudhakaran: Yes, broadly service-based revenue. You are correct.

Viraj Mithani: This is on the submarines supplied by the France?

Sanjay Sudhakaran: Yes, this was a submarine that was supplied, fitted outside the country, but, however, since it is in India and the responsibility for the services is with us, we are continuing our relationship with the customer.

Viraj Mithani: What would be the order size? If you can give me some color, what is the scope of this business?

Sanjay Sudhakaran: Actually, without customer permission, we are not allowed to divulge financial details into the public domain. That is the reason why we are not giving you the number, but it is pretty substantial.

Viraj Mithani: In your presentation, you talked about softwares. Are you referring to EcoStruxure by any chance in this software?

Sanjay Sudhakaran: Yes. EcoStruxure, as you know, has different domains. EcoStruxure is not just one product, EcoStruxure is the generic brand name but EcoStruxure has different products for power & grid and different products for transportation. Some of the elements could be common, some of the elements could be different. So, there are a number of suits within the EcoStruxure.

Viraj Mithani: How is this revenue planned out in terms of services or how? I understand we take from the parent and we pay something to the parent for the software services, right?

Sanjay Sudhakaran: Yes, we buy the product. It's a license basically. It is a license that you buy from the parent and then you sell it to your customers. There are two kinds of softwares that are available. One that is hosted on the cloud and one that is hosted on the edge. What I mean by edge is on the premises of the customer which the customer uses without any help from our side. There the pull-through revenue happens in terms of the upgrades that you are able to bring to the table. For example, if you have new enabled features, etc., you can sell and upgrade to the customer, so that is the services revenue that comes about. There are certain softwares which are on the cloud which provide analytics. Here is an opportunity for us to partner along with the customer and be part of the journey to be able to provide him insights on what he needs to do better on the maintenance side, what is going to fail tomorrow that he should replace today to prevent a downtime. These are value-added services that you can sell.

Viraj Mithani: Is it a transaction-based revenue or it is a fixed-priced contract with that customer?

Sanjay Sudhakaran: No, it is neither transaction nor fixed price. There is a portion which will be fixed price which is your consultancy services and there is a portion which comes which is on demand on what you will replace or what you will assist him with which is based on offer to offer.

Viraj Mithani: The revenue which comes in is shared with the parent, right? So, both of us share the revenue. That is true, right? Is it the right way to think about it?

Sanjay Sudhakaran: The services revenue and the analytics revenue, etc., are most of it in the country itself. It is all within the country, within the business. It's only the cost of the license that you need to pay them when you are procuring the product.

Moderator: The next question is from the line of Kaustav Bubna from BMSPL Capital. Please go ahead.

Kaustav Bubna: On page #5 of your presentation, you list out four segments – power & grid, mining, mobility, data centers. Out of this 370 odd crores of quarterly revenue that you have done, is there any way you could break up the split – the revenue split for these four segments? Also, where do you see these segments in terms of growth in the next three to five years? Which segment do you see growing faster than the other? Could you give some sort of color over there?

Sanjay Sudhakaran: We do not provide guidance by segment and a breakup to that detail but I could give you a certain color on the overall market dynamics. If you see data centers, they would have a CAGR which is in excess of around 12% to 13% even at a very pessimistic level of estimates and a segment like power & grid would have something like a 6% to 7% CAGR because of the base revenues itself being so higher whereas something like transportation would be somewhere around 8% to 9% and cement & steel, etc., are in spurts. It is very cyclical. Let us say over a three-year timeframe, it could be around 7%.

Kaustav Bubna: But what I am basically trying to understand is how much of your total revenues is the cement and steel portion because that's the cyclical part. So, is it fair to assume it is less than 25% to 30%?

Sanjay Sudhakaran: It is less than that because if you really see the largest driver for this business has always been the power & grid segment. So, I would say that the dependence on cement and steel would not be in excess of 15% to 20%.

Moderator: The next question is from the line of Aditya Deorah from Divisha Investments. Please go ahead.

Aditya Deorah: Sir, over the last 8 quarters, our performance has more or less turned around. Can we attribute a part of the performance to the acquisition of the L&T Electrical and Automation business as a group? Are we seeing any synergies from that end?

Mayank Holani: The L&T business acquisition has taken place in other entity, not in this entity. So, directly there is no relation. That business is anyway largely in other product lines. They are not present in the product which we are dealing in this entity. But obviously, some synergies do come in, as you know, at a bigger size as a group. But it can't be said that okay, it is due to acquisition by the group.

Aditya Deorah: Sir, what will you attribute the reason for the turnaround? For the last 7-8 years, we were not performing very well, but something has changed over the last 8-10 quarters inside the company.

Mayank Holani: The actions were continuing and it has been a slow and steady progress. But in between also, I would say a year was wasted due to the COVID also. The COVID wave came and then obviously we saw a drop in revenue in the financial year 2019-20. But then, obviously our focus has always been on improving the terms and conditions, picking up the right orders, and securing cash because our big problem has been in the business earlier if you have been tracking are the bad debts, the collections which we were losing to provide for in the P&L. We have been working on the operational efficiencies as well – rightsizing the organization and restructuring wherever required as per the market conditions. That has started showing results. And then the volume obviously plays a role. But we need to also keep in mind that in the last 1 to 1-1/2 years, it has been quite turbulent in terms of raw material inflation and all. And this performance is really, I would say, well in a sense that managing the inflation and then delivering a profitable result is a big part because your contracts are on fixed price. Large majority is on fixed price. That way, it has been good and had it been a normal year, it would have been even better.

Aditya Deorah: Sir, in answering to a query of one of the previous participants, you were mentioning that we should not see just how much profit margin are we making from one particular project, we should see lifecycle revenue. So, sir, incrementally, year on year hereon, do we see the services and the spare parts improving as a percentage of our total revenues?

Mayank Holani: If you have been tracking, services share in our mix has been improving over the last many years. It is not just in 2 years. Slowly and gradually, services share has been improving, but obviously it is not a drastic change that suddenly it will become say from 10% to 15% or 15% to 20% because this industry is like that where people don't take too much of service contracts unlike some other industries, but gradually the services share has been improving year after year.

Aditya Deorah: The services revenue is at a higher margin as compared to the initial products that we used to supply?

Mayank Holani: Yes, services obviously comes at a higher margin.

Aditya Deorah: Coming to your presentation, on page #8, you have mentioned about emerging segments, our wins, some EV charging infrastructure work. Can you just elaborate what we have done or what we plan to do in this particular segment?

Sanjay Sudhakaran: What is going to happen is that we are going to move away from a centralized generation and distribution of energy to more of a distributed generation and a prosumer effect where a consumer of electricity will also be a producer of electricity. So, you could see many charging stations, etc., where you would have a mix of power usage, which is a mix of what you take from the grid which is your conventional energy and some of its own solar generation as well. And then, you would have the EV charging associated with this. All this presents a very solid opportunity for, a) electrification, b) digitization because of the fact that when you are using mixed sources of energy, you will not be able to manage the grid very efficiently without softwares, and c) because of the sheer scale at which EV will grow in the country, this will require a very large amount of focus in terms of infrastructure development. All these present a very good opportunity for electrification and digitization which are our core focus areas.

Aditya Deorah: Sir, have we got any order win in this particular segment as of now?

Sanjay Sudhakaran: Right now, I would not like to talk about the wins. It's a little bit premature. So, we will share more details with you as we go forward.

Moderator: The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

Nikhil Jain: I just wanted to actually check that the order book that we have of around 1,000 odd crores, what is the timeframe in which it is to be executed?

Mayank Holani: For different products, the timeframe ranges between eight to ten months typically based on the product type. Some one-off contracts may have even a longer period.

Nikhil Jain: For simplicity's sake, can we take let us say around six to seven months on an average – some projects higher, some projects lower?

Mayank Holani: Yes.

Nikhil Jain: Second thing is that once we take an order and especially in the longer dated orders, is there a clause for raw material escalation or is it like kind of fixed?

Mayank Holani: We obviously want to have a price variation clause in each and every contract and we push for that, but it depends on the customer's conditions and how the competition is also going, but largely, contracts are fixed price.

Nikhil Jain: So, if the raw material prices fall, if that gives us a benefit, we can retain that and vice versa. If they rise, then whatever hit we have to take on the EBITDA margin, we take that more or less, right?

Mayank Holani: Yes, but it will be a kind of mix because what happens is you are doing hedging. So, if prices fall, you get a loss from the hedging. You don't see an immediate result, right? Because if I am ordering today, I am getting material after two months or three months and it is a mixed bag. Still some commodities are going up, some are coming down. But yes, largely on a long run, it should not be negative.

Nikhil Jain: The next question I just wanted to ask was that we were referring in the opening remarks that there are some new products that we are kind of introducing. Is it possible to give some color on what are the kind of products, in which area or segments we are doing that?

Sanjay Sudhakaran: a little bit on the solar piece where we would be introducing certain products to be more able to cater to that segment and the growth in that particular segment. We also see a very strong growth on the ring main units, etc., given the infrastructure growth in the country. So, we will be introducing some products around those areas as well. And we will be happy to share with you the progress as we go forward.

Nikhil Jain: One final question that I actually wanted to get not a guidance, but basically some kind of qualitative view from yourself on the kind of revenue growth we look forward to over a period of let us say two to three years. Are we saying it is possible or it may be possible to grow by 10% to 12%? We will aspire, not possible actually but aspire to grow by that much and also on the EBITDA margin. What would be the kind of EBITDA margin that you actually aspire to get to? Because, it has been very variable from 0% to 7% in some quarters to 12% to 13% also. So, just I am trying to understand what may be the modeling perspective. What can be the reasonable EBITDA margin which the management would actually be looking to get to?

Mayank Holani: Generally, we don't provide any guidance in terms of future revenue or margin but just would like to give one comment because here the quarter we are comparing last year Q1 was an exceptional one affected by the COVID second wave. That has also impacted the quarter, but as far as guidance is concerned, we don't provide any guidance for the future.

Nikhil Jain: I understand that and I appreciate it, but the only point that I was looking for is, let us say, in this business that we are doing, what is the kind of aspirational margin which we are looking for?

Whether 10% is good enough for us. We are targeting 15% or we will look at 8% is good enough or something like that is what I am just trying to get a hang of. No guidance per se. Not on a quarter on quarter or year on year basis. At least the direction in which….

Mayank Holani: I wouldn't comment on that, but I would only say that we will obviously not be looking at a margin from a quarterly perspective because this is a project business. The numbers may fluctuate. The volumes may fluctuate and that directly affects the margins.

Moderator: The next question is from the line of Manish Goyal, an individual investor. Please go ahead.

Manish Goyal: I would like to just get more perspective on the revenue mix change that we have mentioned which has led to improvement in gross margins and EBITDA margin. Also, what we see is that other expenses have actually declined YoY despite strong top-line growth. If you can probably give more perspective as to how sustainable it is and maybe if you can share the revenue breakup on systems, equipment's, and transactional products, that will be helpful.

Mayank Holani: Manish, the revenue breakup for the quarter; if you see this quarter has been systems 69%, transaction 21%, and services 10% while if you look at the last year same quarter, it was 75% for systems, 17% for transaction, and 8% for services. So about 4% increase in transaction and 2% in services. That is the mix change which I was mentioning. And within equipment also, in one product line, there was some decline – the product which was giving a lower margin. That also helped improve the margin in that sense.

On the second part of your question, if you see Other Expenses, it is mainly the savings coming from savings for the old debts recovery which has reduced the expenses. Old debt recovery and the forex gain, these are two items which have reduced. Otherwise, the expenses which are directly linked to volume, be it freight or travel – last year, there was not much travel in this quarter because of COVID – travel has gone up, freight has gone up, trademark fees linked to volume that has gone up. But the rent, there was some savings. Obviously, it is a part of the continuous focus on cost savings. The old debt collection and forex are the major items which have negated all the impact of increase in cost. And overall, you see the lower Other Expenses.

Manish Goyal: Would it be possible to quantify how much recovery and forex gain we had in the quarter?

Mayank Holani: If these two items you add together, it is about 75 million.

Manish Goyal: Mayank, I just want to get a better perspective on this 1,000-crore order book what we have, is it possible that the kind of gross margins what we are seeing, based on the current order book, we are more or less likely to remain near these levels?

Mayank Holani: Our order booking margin as such has not changed drastically on either side. It continues to be in the similar range.

Manish Goyal: Where I am coming from is that what improvement we are seeing due to better revenue mix and as mentioned in the presentation on improvement in productivity, do we see this trend continuing going forward?

Mayank Holani: I think this mix change is too wide. While we continue to focus on improving the mix and you have seen a gradual improvement in services mix and transaction, but exactly this kind of mix may not continue. It can keep fluctuating quarter on quarter.

Manish Goyal: Broadly, directionally we see that our margins should be on an improvement trajectory.

Mayank Holani: Last year anyway was an exceptional year in terms of raw material inflation also. The margin is also a derivative which is something not completely in your hand when you have a fixed-price contract. So, if that should improve, it will give us the benefit on margin.

Manish Goyal: Can you give me the intergroup revenue number for the quarter and also for the last full year?

Mayank Holani: IG revenue is about 22% for the quarter.

Manish Goyal: What would be the order inflow number for IG?

Mayank Holani: Order number?

Manish Goyal: Or is it that the revenue number is similar to the order inflow in the IG category?

Mayank Holani: Order absolute number if I tell you, for the quarter, it is about 780 million or 78 crores for the quarter.

Manish Goyal: Do you have the number for last full year FY22? What was the IG revenue?

Mayank Holani: It was 23%, Manish.

Moderator: The next question is from the line of Suraj Nanda from ICICI Prudential Mutual Fund. Please go ahead.

Suraj Nanda: In the mix, how much of the revenue is coming from projects and how much is the products?

Mayank Holani: I think I mentioned it earlier. On sales, transactions is 21%, services 10%, projects 11%, equipment 36%, and IG 22%, which together we call as systems, 69%.

Suraj Nanda: So, projects is only 11% is what you are saying?

Mayank Holani: Yes.

Suraj Nanda: Sir, on the borrowing side, we see that the debt level is pretty high and a major part of it is through loan from the sister entity, I think, Schneider IT Infra. How are we planning to reduce the debt and as a result, the interest component in the….

Mayank Holani: The debt in the last financial year from March 2021 to March 2022 also if you had seen in the annual report and the financials, that has improved with the improved collections. So, the way is to improve the operational performance and to get profits and cash in hand. That way only, we can reduce the debts. At this stage, we don't have any other plan to reduce the debt.

Suraj Nanda: Has the payment scenario for you improved in terms of days?

Mayank Holani: Yes, it has improved in terms of days, definitely. And that's what reflects in our cash flow also. If you had seen the last quarter call or last financial results for the full year, our cash flow from operations was about 120 crores versus I think 67 crores in the previous year. There has been a significant improvement in the collections and the cash realization in the last financial year. And the same trend continues in this quarter as well.

Suraj Nanda: Are there any CAPEX plans for indigenization or anything or the entire cash flow generation will be used for maintenance CAPEX and paying back of debt?

Mayank Holani: No, at this stage, nothing specific or major CAPEX is finalized or in plan.

Moderator: The next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani: My question is, have we stabilized in terms of raw material prices by now? What is your sense on the market? Are we seeing some stability coming there?

Mayank Holani: The raw material prices continue to fluctuate. It is difficult to say or forecast anything. Even if we look at last quarter, some commodities prices declined while others were going up. For example, copper prices have declined in last sometime, but CRGO steel has been going up or the transformer oil has increased a lot. So, it is not a one way for all the commodities.

Viraj Mithani: What capacity you are working at right now would be?

Mayank Holani: For transformer?

Viraj Mithani: Generally, capacity utilization of the plant.

Mayank Holani: In the last quarter, it has been about 85%.

Viraj Mithani: We price our products into euros than to the dollars, right? Are we benefiting by the euro becoming weaker to the dollar?

Mayank Holani: No, our products are mostly sold in India. So, those orders are all in INR.

Viraj Mithani: Imports which are there….

Mayank Holani: Yes, imports are in euro or USD depending on the country. What was your question on this?

Viraj Mithani: Do we benefit from the euro weakening? That's what my question was.

Mayank Holani: Yes, that's what when I was answering, I think, Manish's question, you must have seen we have a forex gain in the last quarter. Depending on the fluctuation, some quarter you will see a gain and some quarter we have loss. While we hedge also the forex to some extent but some things are not always in your control.

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

Harshit Kapadia: Just wanted to check with you on the semiconductor shortage. Now, has the issue been getting lower or you still face the issue of semiconductor shortages? Secondly, any color you can give on the recent announcement of the revamped distribution scheme? Do you think that it is going to benefit Schneider Electric at large and do you see power & grid growth which you mentioned 6% to 7% can move to double digit?

Sanjay Sudhakaran: The latter half of the question is more towards power & grid. You appreciate that the power & grid segment is quite a large segment in India and 6% to 7% growth, especially driven by modernization of the segment presents a very good growth opportunity. And we will definitely benefit from the scheme that you are talking about, which is more around digitization and cutting losses in the segment.

Harshit Kapadia: Do you still face the semiconductor shortage issues?

Mayank Holani: Yes, it continues. The supplies are limited and not exactly as per the demand.

Harshit Kapadia: Would you anticipate any impact on revenue in the coming quarters or right now you have sufficient inventory at your backlog so there should not be much impact?

Mayank Holani: That impact is there. If we get semiconductor electronics completely as per our demand, definitely revenues can be better, but the impact is there.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Harshit Kapadia for closing comments.

Harshit Kapadia: We would like to thank the management of Schneider Electric Infrastructure for giving us an opportunity to host this call. We also thank all the investors and analysts for joining this call. Any closing remarks Sanjay sir you would want to give the investors?

Sanjay Sudhakaran: I would like to thank all of you for your continued support and for joining this call and listening to us. Have a good day. Thank you.

Moderator: On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.