

SEIL/Sec./SE/2022-23/16**May 27, 2022**

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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 (SEBI Listing Regulations, 2015)

Dear Sir(s),

In continuation of our letter(s) no. **SEIL/Sec./SE/2022-23/14** dated May 25, 2022, please find enclosed herewith the transcript of the conference call held on May 24, 2022 for discussing the earning performance of 4th Quarter and financial year ended March 31, 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)
Company Secretary and Compliance Officer

Schneider Electric Infrastructure Limited

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“Schneider Electric Infrastructure Limited Q4 FY22
Earnings Conference Call hosted by Elara Securities
Private Limited”

May 24, 2022

**MANAGEMENT: MR. MR. SANJAY SUDHAKARAN – MANAGING
DIRECTOR, SCHNEIDER ELECTRIC INFRASTRUCTURE
LIMITED**

**MR. MR. MAYANK HOLANI – CHIEF FINANCIAL
OFFICER, SCHNEIDER ELECTRIC INFRASTRUCTURE
LIMITED**

**MR. VINEET JAIN – HEAD INVESTOR RELATION,
SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED**

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

- Moderator:** Ladies and Gentlemen, Good day and welcome to the Schneider Electric Q4 FY22 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 '*' and 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 Ryan. A very good evening to everyone. On behalf of Elara Securities, we welcome you all for the Q4 FY22 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 Relation. We will begin the call with a brief overview by the management after which the Q&A session will start. I will now hand over the call to Mr. Sudhakaran for his opening remarks. Over to you, Sir.
- Sanjay Sudhakaran:** Good afternoon everybody. This is Sanjay Sudhakaran here. I am the Managing Director of your Company and I welcome you this evening to have a brief overview about the organization its performance in the Q4 of this year and the year that has gone by and also the full year financials.
- So, let me go directly on to Slide #3 which is Page #3 which is an overview of the economy of the country and its forecast:
- As you would all be reading about it in various quarters I think the economy is poised well in India for a rebound post coming out of very difficult period because of the COVID lockdown and things like that. However, we must admit that we live in a very turbulent times. We have inflationary economy which has been a result of solid demand coming back post-COVID also due to the Ukraine war. Commodities are at all time high and there are severe shortages in the market.
- All this in context of the fact that government across the world are trying to rein-in inflation. We will probably see a little bit of turbulence as we go ahead. It is very hard for us to predict, do a crystal ball grazing as to what could be in the future, but I think we must be prepared for both some headwinds as well as some tailwinds without clearly being able to predict where the overall macroeconomic situation is heading.'
- Given all that I would say that we have very positive outlook as far as some of the end markets are concerned.
- Let me take you all to Slide #4 which is an overview of some of the end markets that we operate in:
- So, I think on the power and grid side we have seen various announcements by the Government of India on modernizing the grid, improving the digitization in the utilities, reducing losses and also a thrust on to solar to try and bridge the energy deficit and also hedge the economy against oil which is a commodity that is very much under discussion right now in India.

So, I think there is a solid runway for growth as well as both generation as well as distribution of electricity is concerned. The overall Indian market is poised to become more and more electric and more and more digital. There are no two things about this and both these provide us with a fantastic opportunity to be able to leverage in the future.

There is positive momentum as far as the construction sector goes. We see the trends of housing construction, the bookings, etc., are moving in a very positive direction so there is good demand for steel and cement and also we have seen continued investments by some of the large companies in building CAPEX into minerals, mining and metals which is one of our core segments where we operate pretty well.

On the other hand, we see these companies coming back with strong focus around sustainability. Sustainability means elimination of waste gases, waste gas heat recovery, digitization around plants to conserve as well as to reuse energy which is also a very positive sign as far as our segment and our products go.

Transportation, for sure this is not a gainer. India lags in terms of infrastructure on the transportation side. So, continued investments in metros and airports are going to be there for the next three to five years. The business is little bit cyclic when it comes to execution because of the fact that there are number of bottlenecks around acquisition of land and things like that which makes it a little bit difficult for the sector to move in line with announcements, however, we see a strong pipeline two to three quarters going forward.

Data centers, again on this side I think the country is making tremendous amount of progress. We see a lot of innovation coming out from India in terms of digital payments like the UPI and the fact that data needs to reside in the country and more and more adoption of digital whether it is for entertainment or whether it is for payments or education, we see that this is a future of communication and financial instruments so I think this sector is bound to grow as we go forward.

So, I think all the key end markets are poised very strongly for growth. We see robust investments by our customers and we are closely engage with these customers as well. So, I think it is a situation where we have headwinds in terms of inflation, in terms of interest rates, etc., which we could see in the future, but we have strong tailwinds in terms of demand. Only things is how do we prioritize and how do we make the best of this situation.

Coming to priorities, as I would say if we go to the next slide which is Page #5 our priorities have not changed and we have been consistent through these priorities in the last four to five times that we have spoken about it. The idea is to leverage digital in more and more of what we deploy with our customers, more of lifecycle revenue through services, to have a predictable revenue line and profitability as we are concerned, increasing our coverage because we cannot do it alone we are building a network of strong partners little bit I will speak about this as we go forward and traction we are building here and also key segments which I already spoke about and also keeping an eye on shaping the future that is working with the government, etc., to see

how we can build a future, greener product which is SF6 free which would help India **(Inaudible) 8:05** as well as we go forward.

So, I will go to the next slide which is Page #6 talking a little bit about our wins and how they tie up with our strategic priorities.

So, here is a win in a cement firm which is a pretty large cement firm and here we were able to leverage our traditional products which is our medium voltage switch gears and transformers along with the ETAP SCADA, ETAP is now a Schneider company which belongs in the Schneider portfolio and we were able to kind of leverage both these competencies to be able to serve this customers in a very positive way. So, this should also be potential enough to bring life cycle revenues as we go forward.

If we go to the next slide Page #7 this is how we are leveraging our installed base. This is one of a prestigious project which was deployed with Schneider voltage products supplied from our France facility. The customer came back to us for retrofitting these electrical equipment as they have age and we won a pretty large order of large magnitude we discussed and all and this helps us kind of time with our strategy to leverage our installed base for lifecycle of revenues.

Going on to the next slide which is Page #8, we are also increasing coverage with our customers along with partners. One of the key distribution entities in South of India has placed a very large order with Schneider and one of its partners to supply connected products and to digitize its entire network. So, 80% of this installed base is connected with SCADA and digitally enabled products. This should also be hopefully win which will take us towards our **(Inaudible) 10:14** and engaging with the customer for a very long period of time through uninterrupted power supply and leveraged in the installed base.

Let me go on to Slide #9 and give you a little flavor about how we are doing with partner network. So, if you see across the board how we are doing business with our partners is continuously growing. It is growing at a pace faster than the organization. Some are doing there is a little bit of lag, but we are doing our efforts to catch up and this was a very strong initiative you can see that the breakup business through panel builders that is growing around 30%. The circuit breakers through license partner that is also growing very well the tank which we are trying to sell through our licensee partner for the secondary GIS that has shown a very good off take as we are continuously working on various approvals with the government agencies to make sure that our partners are able to participate at a level playing field in all the sectors that are opening up for secondary distribution as well. So, I think this is how this is how we are executing on our priorities.

I will take you to the next slide which is Page #10. So, we have spoken about it in the past. We have a set of strategic priorities and we have certain financial priorities. The key thing that I would like to give a message to all of you is that we are working in a very disciplined manner. Discipline execution of the entire cycle from order to cash is what we are focusing on so we see good traction from the top line as you can see the lead indicators of orders which is up 44%, sales

are up 18%, profitability is up and also we have improved significantly on cash which I think Mayank will take you through more as we go through the slide on the financials. So, the average receivables in the market that we have with customer that has gone down by 16 days, traction overall on inventory as well and all this with good customer satisfaction. Customer satisfaction is the corner stone of our strategy.

We must remember that that we live in very turbulent times where we had shortages despite all these issues we have stayed very close to customers finding them alternate needs, alternate approvals to be able to service them better. We have sacrificed at times on profitability to ensure that customer commitments are maintained and we are able to supply them even if we need to air freight certain components or we had to go for alternate makes that are more expensive, but we have continued our focus on customers through these turbulent times. I am sure this focus will pay us dividends as we go forward and the situation in the market normalizes as well.

With this, I hand over to Mayank Holani who is the CFO of the organization to talk about the financials. Over to you, Mayank.

Mayank Holani:

Thanks Sanjay and Good afternoon ladies and gentlemen you please refer to slide 12 on orders. So, the markets are now looking quite strong and recovering and our OG orders intake for the quarter stood at 5,040 million INR which is growth of 46% from last year same quarter and if we look at the trend from over last financial year this is the fourth successive quarter where we have strong order growth as in the succession for which shows the good momentum and orders and this has come from almost all the segments so there is not a single segment where there has been a drop. If you look at the full year numbers our orders for the year stood at 13,938 million INR and again these are all outside group orders so close to 1,400 crores with a growth of about 44% versus previous year and in the last quarter if you look the major customers from where we had orders are like GE T&D Bhutan Engineering, Mazagon Dock, Linkson, Tata projects, etc., in this last year. As a result of this good order growth, our backlog at the end of March 22 or at the end of financial year has increased by about 24% versus same period last year so which shows a good pipeline for the sales in the next year.

Next slide please, so on sales for the quarter is INR 3,400 million which is about 37.6% higher than same quarter in previous year. Sales for full year stood at INR 15,303 million which is a growth of about 18% versus previous financial year and this is the first-time in a way it is kind of record sales for the entities. So, this is the first time where we have crossed INR 1,500 crores landmark in this entity and this sales being held by liquidation of finished goods where there was some issues with customers due to site readiness or liquidity issues, we have been able to solve it and that has helped us in maximizing the revenue and the major customers have been Bhutan Engineering, BSES, GE T&D, Torrent Power, Humboldt, etc., I mean the list is quite long. In terms of order and sales another factor which I would like to reemphasize and we have been stating in every quarterly call if we continue to be cautious on order booking or even on sales in terms of cash security and margins. Our first and foremost priority to ensure that we do not lose on the recovering the sales in terms of cash so that remains top priority.

Moving on to next Slide #14 please. So, our overall P&L if you see it is aligned with our strategy we are focused on cash in margins and we will continue this journey. Now gross margin for the quarter is about 29.2% which is (-6.4%) versus last year. So, last year as you can see there was a big value in other income which was coming due to some recoveries from the old provision debt which is not there and there was some insurance claim also for previous period, but without that also there is impact in margin which has been due to raw material inflation which partly have been able to pass on to customers, but since this is a long cycle business the impact remains.

Employee cost and other expenses are in line with the numbers so you will see that EBITDA level we have a growth of about **3.4 points 17.35** versus previous year and EBIT is about **4.3 point 17.41** higher than previous year and all this has resulted in a net profit of about 1 million versus loss of 113 million in previous year which is a delta of **4.6 points** and the raw material inflation impact whatever has been coming, while partly we have passed on to customers and then due to the other actions on our overall structural cost, we have been able to mitigate and improve profitability while hedging has also helped a bit.

Next slide please. Now moving on to the full year P&L:

You will see the sales growth is about 18% that is the gross margin is again **2.3 points 18.31** lower than this and the material cost impact has been about **1.6 points** which is a material cost as a percentage of sales and remaining is the other income similar to what you saw in the last quarter, this quarter's explanation.

EBITDA level, we are at almost same level as previous year for full year and at EBIT it is an improvement of 0.5 points which is the depreciation has reduced. Now profit after tax we are at 276 million for the year against 10 million loss in previous year and you will see that this is the first year after a gap of 10 years in 2011-2012 we had profit and last year we were at a marginal just 10 million loss, after 10 years we have profitable P&L and that is a very good things we have and we will continue this journey.

So, I will leave at this and open the floor for Q&A. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. Our first question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.

Viraj Mithani: My question is related to this transformer segment are we doing good in transformer segment also here the industry is reviving so that is a question number one. Question number two is everywhere we have some exceptional item of restructuring that is happening since last 5 years, so how many years of restructuring that is the second question?

Sanjay Sudhakaran I would say that the transformer segment is doing pretty well you are right the order growth in transformer segment is slightly above the overall order growth that we have seen the numbers which Mayank shared on some of the orders. In terms of restructuring, I would say that restructuring is an investment for the future. So, in line with the transforming market and the

transforming skill set that are required in organization we do invest in restructuring to make sure that we build a stronger company going forward.

Viraj Mithani: I understand that, but we have been doing it since last five to six years so like can you just guide through that what it changed because of every year there is one of the exceptional items and sometimes do not know what are we doing are we going have some predefined path for it or how does it work?

Sanjay Sudhakaran: So, I think what happens in an organization is that you have a certain skill set which you need to invest in and you have a certain skill set on certain areas that have become redundant as a period of time. So, the idea is to be able to restructure the ones that or do not make sense for the future and to invest in areas which are making sense for the future. So, we will be doing both at the same time to build a more sustainable organization.

Viraj Mithani: Our employee cost despite so much restructuring has been constantly going up so is it that because the business is growing we are having more and there is some balancing happening there?

Mayank Holani: The reason for employee cost going up in this financial year is due to the technical actions taken in previous year when the COVID came in so there was salary cuts and some of the benefits were cut down for employee so which have come back so that is why you see a more than normal employee cost increase.

Moderator: Thank you. Our next question comes from the line of Nikhil Jain with Galaxy International. Please go ahead.

Nikhil Jain: What I actually wanted to understand was that Schneider has so many entities in India and some of them are fully owned subsidiary and while this is ever since the only listed entity in India, so I just wanted to understand what is the kind of breakup that we have between the works that we do and what they do and is there some kind of clarity that is there for everybody that okay this is actually the path that we will be taking and is that path big enough for us to actually grow and continue to do well?

Sanjay Sudhakaran: To answer your question I would say that Schneider has many entities in India primarily because Schneider has different product lines in India. So, if we look at this particular business which we are into we are primarily the flagbearer or the medium voltage technology in India and I would say that as far as medium voltage technology and its products and **(Inaudible) 25:33** concerned I would not say that there is a significant overlap with other entities it was actually zero. There might be some things which have been created through recent acquisitions and company is working on a strategy to address that as well.

Nikhil Jain: So, would we be the only company who is actually handing this medium voltage business or do you anticipate that there is possibilities of other entities also handling?

- Sanjay Sudhakaran:** I would say that these matters are under discussion right now and to be rest assured we are very clear that we do not want to create competing entities within the Schneider group that does not work well for anyone of us. So, that is not the purpose behind doing it.
- Nikhil Jain:** My second question is with respect to the smart meter so I understand that you are the entity who is actually working on the smart meter and supporting the industry for a smart meter, so can you give some low down or some news on how the industry is doing and what is our strategy for smart meter implementation given it is a big opportunity?
- Sanjay Sudhakaran:** So, if you see the manufacturing and marketing of smart meter does not reside within this entity. So, this entity is not responsible to make those meters or to market those meters what it represents as an opportunity is for us to digitize the network because smart meters is an end result of you digitizing the entire network. So, this entity has the capability to do projects which can digitize the network that is what represents an opportunity for this particular entity and also we need to be very selective about it because this is an activity that would burn a lot of cash if not managed very clearly because these projects tend to run over 5 years to 6 years of time. So, selectivity in projects being able to supply digitally enabled products on the medium voltage side and to be able to integrate them to SCADA and be able to leverage multiyear of services revenue that is the focus that we will be having with this particular entity. The manufacturing of meters and its sales is not primary objective of this entity.
- Nikhil Jain:** So, in your current order book so is there any business so that you have from the smart meter or let us say the digitization of the smart meter and the grid network kind of a thing?
- Sanjay Sudhakaran:** Yes there is a mix, but there are no meters in this particular thing right now.
- Nikhil Jain:** So, that resides with another Schneider entity?
- Sanjay Sudhakaran:** Yes because the decision making if you have seen the market is agnostic people buy meters separately and we could buy the integrations.
- Moderator:** Thank you. Our next question comes from the line of Aditya Soni an Investor. Please go ahead.
- Aditya Soni:** My question is the growth which we have seen over the last year right so that is because of the increase in the price or increase in the volume?
- Sanjay Sudhakaran:** It is a combination of both if you see the lead indicators which is the order booking you would see a fairly equal distribution between pricing and volume growth. As far as sales is concerned I think sales does have a lag impact so we would say that the composition would again be slightly tilted more towards pricing them towards volume, but then the delta see which we have been because of the cost margins the last quarter has been impacted so that we are not able to recover.
- Aditya Soni:** So, are we planning to have a further price increase also?

- Sanjay Sudhakaran:** We are increasing price as far as possible in line with the commodity increases, but the fact of the matter is that we have a certain duration of the contract validity in that period there is not much possibility to take up pricing further up. So, than the market has been very volatile, for example, there could be a situation where we take an order today and we execute it next month and you could still have inflationary pressures happening because of the unnatural circumstances around the globe. So, it is a catch up which is become very steep even in very short period. So, you can imagine the complexity of managing projects in such an environment.
- Aditya Soni:** Since due to the supply chain issues the lead time of the products have been increased and due to this volatility probably you may book the order investment and you may be able to deliver after 6 months then in between if the prices increase then your margins may drop then how do you like....
- Sanjay Sudhakaran:** So, we try to build safeguards, we try to build contingency, but unfortunately we are also in a competitive environment. So, the fact of the matter is that and the situation is not completely predictable. We thought that we understood the impact of COVID on supply chain and then the war happened. So, there are certain things that cell of the cliff post the war situation as well. So, it has been a kind of a challenging times if you look at it from that perspective to exactly predict how commodities would behave.
- Moderator:** Thank you. Our next question comes from the line of Anurag Patil with Roha Asset Managers. Please go ahead.
- Anurag Patil:** Sir for FY23 and next couple of years how do you see the revenue growth and order booking momentum going ahead?
- Mayank Holani:** Normally we do not provide any guidance for subsequent period as a practice, but you see the backlog which we have and the order growth the way trend is, but we do not provide any guidance.
- Anurag Patil:** But directionally you see the positive momentum in revenue and order booking that can we assume?
- Mayank Holani:** I mean that is a matter of fact it is available on recording.
- Anurag Patil:** Sir FY22 our other expenses stood around Rs. 152 crore so out of that Rs. 152 crore how much would be variable cost and how much would be fixed approx. number is fine?
- Mayank Holani:** Approximately 50% is fixed and 50% is variable.
- Moderator:** Thank you. Our next question comes from the line of Naysar Parikh with Native Capital. Please go ahead.
- Naysar Parikh:** My question is can you give some broad split for the top products which contributes to the maximum revenue?

- Sanjay Sudhakaran:** You are talking about product or the business mix that you usually disclose.
- Naysar Parikh:** Our business mix also works, but within that if you can talk a bit about in each segment their top products that would also help?
- Mayank Holani:** Your voice is not clear.
- Naysar Parikh:** I am saying if you can give the business mix, but also along with that just talk a bit about the top products within each business segment that would help?
- Sanjay Sudhakaran:** We are not reporting any in the product segment so the business mix that we are disclosing.
- Mayank Holani:** So, you want for full year?
- Naysar Parikh:** Yes.
- Mayank Holani:** So, systems is about 72%, transaction 17%, services 11%.
- Naysar Parikh:** And when you say systems can you just talk like which are the top what products or project kind of contribute the maximum for this so that we can get a sense?
- Sanjay Sudhakaran:** The definition of this three is available on the website on the presentation business. So, we have capture some of the details whether the products are available on each of this category.
- Mayank Holani:** You can see the mix also major part of our business also in the systems because we are into a largely ETO business.
- Naysar Parikh:** And separately in India how much business the Schneider do outside of this entity as well, we are just trying to understand from Schneider perspective how critical is this entity?
- Mayank Holani:** See we cannot comment about the other entities.
- Moderator:** Thank you. Our next question comes from the line of Rupesh Tatiya with Intelsense Capital. Please go ahead.
- Rupesh Tatiya:** Sir last quarter I mean you have talked about two substantial wins in data center so if you can just talk little bit about that where are we and any other wins in Q4 and how is this business progressing from let us say FY23 and FY24 point of view?
- Sanjay Sudhakaran:** So, I would say that the traction in terms of we spoke about the opportunities and we spoke about the attraction that we are making with customers I think the traction continuous. We had not had privilege to disclose the names of the customers and the values because of non-disclosures which we have with those customers, but one thing we can say that the mix is steadily improving in terms of the data center mix.

- Rupesh Tatiya:** Can you give some sense of opportunities, size, and data center?
- Sanjay Sudhakaran:** I think this is something that is pretty difficult to calculate in terms of what could be the potential in terms of because data centers are evolving market and evolving business. So, I would say that it is a little bit too premature to put a number on it as to what could be a steady state business of data centers and right now it is at a stage where it is just about to grow. So, it is growing at a very double-digit pace, but what could be a steady state business is something that is a little bit difficult to put a number on it.
- Moderator:** Our next question comes from the line of Dhiraj Sachdev with Roha Asset Management. Please go ahead.
- Dhiraj Sachdev:** Since you are involved in large projects and part of the project I guess is tender business, so are you able to or will you be able to pass on the higher cost, variable cost, etc., to the end clients because sometime what happened is the project business is fixed cost in nature or fixed pricing in nature and it does not cover the price variation clause, so can you give some qualitative color that you will be able to maintain in the margin in these kind of higher raw material cost situation?
- Sanjay Sudhakaran:** You could see from our past track record that we have been able to kind of mitigate the risk on commodities to a very large extent or else the impact to the gross margin would have been much more significant. So, there are price variation clauses in some of our contracts, some of our contracts are fixed period contracts in which you cannot pass on the commodity prices to the end customer, but the way we look at it is when we pick a projects we also look at a kind of duration that we are in and build some contingency on to it in terms of what could be the inflationary trend in the period going forward. It is not as we have seen the circumstances have been a little volatile and that predictability has not been accurate to kind of 100%, but we are pretty close. So, I think but what could happen in the future is something that we cannot predict. We try our best to use our judgment in terms of what we need to bake in as far as contingencies are concerned, but it is not something that is entirely predictable.
- Dhiraj Sachdev:** So, we assume that in a current order book you must have built sufficient contingencies to take care of raw material cost pressures and should be able to maintain the margin?
- Sanjay Sudhakaran:** That is the intent I would say.
- Dhiraj Sachdev:** On the other side we have also looked at your cash flow which have improved materially because of better working capital management. Now we need to execute this incremental order book will you be able to generate a similar kind of cash flow of over Rs. 100 crores is the payments terms and inventory, etc., will be able to manage on a similar basis at higher revenue level?
- Sanjay Sudhakaran:** Our cash flow is a mix of kind of there are two factors. One is in previous year because of your COVID situation the payments and liquidity issuers were there so your payments were getting delayed so one is that and second is also the impact of focus on cash and securing the payment

then we have been continuously focusing on improving the payment terms. So, both put together have shown the resultant and we continue to make effort in that direction.

Mayank Holani: I would express my sentiment that we focus on disciplined execution. We do not change our strategy on that particular front and one of the key parameters is to make sure that we do good on cash.

Dhiraj Sachdev: So, incrementally if you want to grow let us say 15%, 20% I am just giving a hypothetical number you will be able to manage with cash flow without eluding to any working capital borrowings or incremental loans per se right?

Mayank Holani: We would not like to comment on any future guidance.

Dhiraj Sachdev: It is not a future guidance it is based on the current tightening of working capital that you have resorted to you should be able to manage comfortably the incremental order book execution cycle through the internal cash flows that you are generating right?

Mayank Holani: Sorry can you repeat what you said.

Dhiraj Sachdev: I just said that based on your working capital tightening norms, payment terms, etc., going forward with incremental these incremental order book that you have a growth that you have incurred you should be able to manage through internal cash generation without resorting to any incremental working capital borrowing?

Mayank Holani: That is what we may also expect, but sometimes there are short cycle impacts also. So, it is difficult to predict exactly, but as a normal scenario we would also like to have that kind of thing.

Moderator: Thank you. Our next question comes from the line of Harshil Parekh with Alfaccurate Advisors Private Limited. Please go ahead.

Harshil Parekh: My question is on the medium voltage industry side so I would like to know what would be our market share so are we market leaders into the medium voltage segment and what would be our competitive positioning in the industry in terms of our products?

Sanjay Sudhakaran: See normally we do not comment on market share whether we are number one or we are number two or number three, but what I could tell you is that in the addressable market we are pretty decently poised. So, I would not want to put a number to it because the definition of market and market share is different for different people, but as far as addressable portion of the medium voltage market is concerned we are pretty decently poised and we have a twin agenda and we are not just chasing market share. We are also chasing the right market share for profitability. So, one of the reasons that you want to target is partnerization and digitization is to ensure that we have a right market share, with a right set of customers.

Harshil Parekh: Sir in terms of the addressable market which you mentioned so is there any particular section of the market which we are not specifically catering to in medium voltage?

- Sanjay Sudhakaran:** There is a large amount of market which is best addressed by partners. So, the pool through that we get here is for your breaker and not your full equipment. So, we have been kind of divesting a little bit of top line continuously to make sure that we participate more and more in the right markets on a complete project basis and address the market which are at the bottom of the pyramid through our partners.
- Harshil Parekh:** And sir in terms of technology if we compare with our peers like ABB, Siemens so are we technologically superior?
- Sanjay Sudhakaran:** Yes we are. Let me put it this way in places we are superior and in most places we are equivalent. So, I think it is a good position to be in.
- Harshil Parekh:** And sir my other question is on the other expenses side so it seems the FY21 and FY22 the other expenses have remained flat in absolute terms that is Rs. 152 crores despite our revenue increase in the 18%, so is this because of any costing initiatives, etc., and is this sustainable?
- Mayank Holani:** The impact in other income, other expenses is because last year we had some major good amount of provisioning also for the old debtors so which has gone out and then some of the variable cost like repair, maintenance, fuel, etc., have gone up so that kind of balanced. So, otherwise obviously if your revenue you know your fixed cost remains same and there is no abnormal impact slightly the other expenses will go, but last year there was an exception kind of or you can say one off that debtors provision. So, there was a debtor provisions and what happens by way of accounting debtor provision come in other expenses while if there is a recovery it goes into other income. So, you have recovery also coming at other income from written off debtors and you have had provision below. So, if you knit it off that was the reason.
- Harshil Parekh:** And sir just last question what would be our closing order book?
- Mayank Holani:** You mean the backlog at the end of March?
- Harshil Parekh:** Yes.
- Mayank Holani:** Backlog at the end of March 22 is Rs. 933 crores versus 750 crores in March 21.
- Moderator:** Thank you. Our next question comes from the line of Viraj Mithani with Jupiter Financial. Please go ahead.
- Viraj Mithani:** I was looking at your numbers what is this benefit of which is there in the lower line that re-measurement of defined plan and benefit plan come 2 crore and fair value of the cash flow this is our hedging income is it?
- Mayank Holani:** So, there are two things in debt one is see gratuity benefit revaluation which is to be done accrual basis that comes here below the profit and then because we last year I think Q2 we started hedging process so that hedging benefit also as on date whatever hedging we have done and the impact which is notional impact as on date has to be provided as per accounting guideline.

- Viraj Mithani:** Secondly this cash flow from operating it has actually gone up smartly is it because we are receiving orders advance cash and because for the order booked?
- Mayank Holani:** Last year one is obviously your profit has gone up, but also last year if you see we are sales outstanding was much more. The market for situation was bit different when this year the sentiment has improved so that has helped. I was able to collect more than from the previous year and this year's outstanding which remains at the end of year was much lower than the last year in terms of the percentage if you say.
- Viraj Mithani:** What is our outstanding order book right now and what is our capacity utilization and can you give the breakup for the order book?
- Mayank Holani:** Second part what you said other than the outstanding order book?
- Viraj Mithani:** Capacity utilization and breakup of order book?
- Mayank Holani:** Breakup of order book is about Rs. 933 crores are backlog.
- Viraj Mithani:** That will be broken up into systems transition?
- Mayank Holani:** 69% is systems and transaction 18% and service is 13%.
- Viraj Mithani:** And what is the inter group orders?
- Mayank Holani:** Intergroup order for the year is about just a minute it is about Rs. 319 crores.
- Viraj Mithani:** Out of this Rs. 933 crores order this is part of that order book or this is already executed order?
- Mayank Holani:** No, that is only the outside group Rs. 933 crore backlog is the outside group, intergroup is separate.
- Viraj Mithani:** What is intergroup that is what I wanted to know?
- Sanjay Sudhakaran:** As such we are not reporting on the backlog side because it is a very short-term order so we are taking the order and we are executing.
- Mayank Holani:** The intergroup is not a long cycle so we do not report it.
- Viraj Mithani:** No what is the intergroup or in this Rs. 933 crores order book that is what my question was?
- Mayank Holani:** It is 933 only outside group.
- Viraj Mithani:** Is there any intergroup order book also apart from this?
- Mayank Holani:** Internal group is over and above this, but we do not report it because the cycle is anyway short.

- Moderator:** Our next question comes from the line of Rupesh Tatiya with Intelsense Capital. Please go ahead.
- Rupesh Tatiya:** My first question is a clarification on page 10 of your presentation there is an order progress it is Rs. 1,394 crores and you are saying order book is Rs. 933 crores, so what is this order progress then?
- Mayank Holani:** You see Rs. 1,393 crores is the order booking during the year and Rs. 933 crore is the backlog orders in hand which are to be executed in future period as on March 22.
- Rupesh Tatiya:** Sir in last year revenue what would be the percentage of business from utility?
- Mayank Holani:** You see basically our business from utility is about in the range of 40% to 45%.
- Rupesh Tatiya:** And would it be fair to assume it is lower margin business than rest of the segments?
- Mayank Holani:** Pardon can you repeat?
- Rupesh Tatiya:** Would it be fair to assume that this is lower margin than rest of the business?
- Mayank Holani:** In that way you cannot assume that utility is lower margin.
- Moderator:** Thank you. Next question comes from the line of Nikhil Jain with Galaxy International. Please go ahead.
- Nikhil Jain:** I just wanted to know whether you do any exports and if you do any exports than what will be the percentage of exports in the current quarter and for the year?
- Mayank Holani:** We do have exports so the export sales during Q4 was about 328 million.
- Nikhil Jain:** For the year for one of projects?
- Mayank Holani:** I said export sales in the last quarter was 328 million INR.
- Nikhil Jain:** And for the year?
- Mayank Holani:** 1,459 million so 145.9 crores.
- Nikhil Jain:** And this is basically supplied to group companies across the globe or is it to other external parties?
- Mayank Holani:** One can be to the group companies, but also there are many exports where you have say India EPC is executing a project in Africa or middle east or somewhere so those are also coming as exports where you are exporting out of India maybe the customer may have some connection with India, but you are exporting so the business is coming directly from here not through group companies, but there is an export even like Bangladesh also we have lot of differences.

- Nikhil Jain:** Is there any special focus towards exports, but it is not to grow exports higher than above domestic revenue growth or any let us say mandate from the group companies or the parent companies that you would be taking some material from us is there any movement in that direction?
- Mayank Holani:** No, there is no such mandate to grow or not to grow exports.
- Moderator:** Thank you. Ladies and gentlemen due to time constraint that was the last question for the day. I now hand over the conference 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 like to thank all investors and analyst for joining for this call. Any closing remarks Sanjay sir that you would want to give to investors.
- Sanjay Sudhakaran:** I would like to thank you and all the participants for joining the call today evening and asking questions. So, I look forward to talking to you next time. Thank you.
- Moderator:** Thank you. On behalf of Elara Securities Private Limited that concludes the conference call. Thank you for joining us you may now disconnect your lines.