



“CG Power and Industrial Solutions Limited
Q3 FY '23 Earnings Conference Call”

January 24, 2023



MANAGEMENT: MR. N. SRINIVASAN – MANAGING DIRECTOR

MR. SUSHEEL TODI – CHIEF FINANCIAL OFFICER

**MR. RAMESH KUMAR – PRESIDENT, INDUSTRIAL
DIVISION**

**MR. MUKUL SRIVASTAVA – PRESIDENT, POWER
DIVISION**

**MR. RANJAN SINGH – EXECUTIVE VICE PRESIDENT –
RAILWAY DIVISION**

**MODERATOR: MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS
LIMITED**

Moderator: Good day, Ladies and gentlemen, and welcome to the Q3 FY '23 Earnings Conference Call of CG Power and Industrial Solutions Limited, hosted by DAM Capital Advisors 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 star then zero, on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors. Thank you, and over to you, ma'am.

Bhoomika Nair: Thanks, Jennie. Good evening, everyone. On behalf of DAM Capital, I would like to welcome you to the Q3 FY '23 earnings call of CG Power and Industrial Solutions Limited. We have the management today being represented by Mr. N. Srinivasan, Managing Director; Mr. Susheel Todi, CFO, Mr. Ramesh Kumar, President, Industrial Division; Mr. Mukul Srivastava, President, Power Systems; and Mr. Ranjan Singh, Executive Vice President, Railways.

I'll now hand over the floor to Mr. Srinivasan for his initial remarks, post which we'll open up the floor for Q&A. Over to you, sir.

N. Srinivasan: So thank you, Bhoomika. Let me extend a warm welcome to all of you. Since I have a throat infection, I will request my colleague, Susheel Todi to summarize the performance for Q3. We have already released the press release to the exchange, this morning. Thank you. Over to Susheel.

Susheel Todi: Good afternoon, everyone. Just to start with our sales phase of Q3 FY '22-'23 performance. Our Y-o-Y sales grew 14% and PBT grew by 70%. All the business of the company performed significantly well, in the quarter 3 of FY '23. It is almost registering a growth of 70% in the PBT. Sales and PBT recorded in the quarter were highest in the recent times.

Aggregate sales for the quarter were higher at INR 1,645 crores, recording a growth of 14% Y-o-Y and 4% on quarter-on-quarter. PBT was INR 274 crores, which is coming around 16.6% of the sales in Q3 FY '23, as against the INR 161 crores, 11.1% of the sales in the quarter 3 of FY '22. INR 237 crores, which is 14.9% of the sales in quarter 2 of FY '23. Margins were higher on account of better price realizations, higher volumes, favorable product mix, moderation in input cost and the procurement efficiencies. Our ROCE on annualized basis for the quarter 3 was 55% as against the 42% in the quarter 3 of FY '22.

During the quarter, we have generated free cash flow of INR 202 crores. Our order intake for the quarter 3 was INR 2,219 crores. We grew around 21% of Y-o-Y basis. An unexecuted order book as at 31st December '22 was INR 4,136 crores, 34% higher on Y-o-Y basis.

Now we come to the segment performance. Industrial Systems, aggregate sales for the quarter were higher at INR 1,162 crores, recording a growth of 14% of Y-o-Y basis and 6% on a quarter-over-quarter basis.

PBIT was INR 213 crores, which comes to 18.3% of the sales in Q3 FY '23, as against INR 144 crores, 14.2% of the sales in the quarter 3 of FY '22 and INR 195 crores, 17.8% of the sales in the quarter 2 of FY '23.

Margins were higher on account of the better price realization, higher volume, favorable product mix, moderation in input cost and the procurement efficiencies. Order intake for the quarter 3 for FY '23 was INR 1,357 crores. It worked to 24% growth of Y-o-Y and unexecuted order book for the industrial system for 31st December '22 was INR 1,824 crores, 17% higher on a Y-o-Y basis.

Now we'll come to the Power Systems. Aggregate sales for the quarter were higher at INR 484 crores, recording a growth of 13% Y-o-Y basis. However, there's a little decrease in a on a quarter-over-quarter basis, which is around 2% on quarter-on-quarter basis.

PBIT was INR 57 crores, 11.7% of the sales in quarter 3 of FY '23 as against the INR 51 crores, 11.8% of the sales in quarter 3 of FY '22 and was INR 55 crores, 11.2% of the sales in quarter 2 of FY '23.

Order intake for the quarter 3 of FY '23 was INR 862 crores, 17% growth Y-o-Y basis and unexecuted order book as at 31st December 22 was INR 2,312 crores, which is 50% higher on Y-o-Y basis.

Now we come to the consolidated performance. The consolidated results include the performance of the operating subsidiaries, based out in USA and the Sweden, Germany and the Netherlands, which is Drives and Automation, DAS and other non-operating subsidiary and the holding subsidiaries.

Aggregate sales for the quarter were higher at INR 1,775 crores, recording a growth of 14% Y-o-Y and 5% on a quarter-over-quarter basis. PBT was INR 282 crores, 15.9% of the sales in the quarter 3 of FY '23 as against the INR 174 crores, 11.2% of the sales in the quarter 3 of FY '22 and INR 241 crores, 14.2% of the sales in the quarter 2 of FY '23. Unexecuted order book for our Sweden entities, it works out to around INR 146 crores, which is around 48% higher on Y-o-Y basis.

Now the major event in the Q3. We now paid our non-convertible debenture worth of INR 200 crores. Now post which, the Company has become debt-free. The Board of Directors have also approved a proposal to expand the manufacturing capacity of transformer at its plants in Bhopal and Malanpur with an investment of INR 126 crores. Unaudited financial statement with the detailed notes are available as a part of the stock exchange filing at the company's website, between myself and the colleagues will be happy to answer the questions. Thank you.

Moderator:

We have the first question from the line of Sandeep Agarwal from Naredi Investments Private Limited.

Sandeep Agarwal:

Sir, my first question is what is our railway business mix in total turnover and what opportunity we see in recent orders and developments?

- Susheel Todi:** So industrial system mix is around -- if you look at, we do every -- and I think we have been saying about that we have a INR 1,000 crores total revenue which is coming from the Railway side. So overall, INR 250 crores to INR 300 crores, which is coming from the Railway business in the Industrial Division business,
- Sandeep Agarwal:** And what opportunity you see in recent orders?
- Ranjan Singh:** The railway business part of the industry portion was about INR 282 crores and some power business was.
- Susheel Todi:** What are the opportunities, he is talking about.
- Ranjan Singh:** Opportunities. We had the orders for traction motors. We had the orders for propulsion systems. We had the orders for diesel electric tower car electrics worth about INR 453 crores in the last quarter.
- Sandeep Agarwal:** And next, what is our current tax rate? And when we have to pay normal tax rate?
- Susheel Todi:** No, we are at normal tax rate only. We at current tax is 25%, which we are opting today.
- Moderator:** We have the next question from the line of Charanjit Singh from DSP Mutual Fund.
- Charanjit Singh:** First of all, congratulations on good set of numbers. Sir, my question is first on the industrial segment margins. We have seen in our second quarter of very strong margin versus what we have seen historically, at around more than 17% levels. Can you tell us how sustainable these are? And what has led to this significant bump up in the margin for the Industrial segment? That's my first question.
- Ramesh Kumar:** See what has happened is in quarter 2, there is a sudden rise of the commodities, okay? So we have also accordingly passed it on to the market. Then in -- we have a couple of orders which we have booked in quarter 2, which were executed in quarter 3, when in quarter 3 commodities have softened, so that is one advantage we had and also a little bit of a product mix in looking at the long-term sustainability, we had changed a little bit of product mix. So that also added to these margins.
- Charanjit Singh:** So depending on this better product mix based on new products, which we added. So what could be the sustainable margins which you could see in the industrial segment?
- Susheel Todi:** So I don't think so that we can give any guidance about the margin but that the margins are mix of many things you know about that. What kind of orders we have in the quarter 4, what we are going to execute and going forward. But always, we keep on saying that the margins are coming because of many reasons.
- It's explained by Mr. Ramesh, softening of the commodity price, product mix and all those things. But whether the margins are sustainable or not, even we always keep saying that a couple of percentage here and there could be, so that's the way we have been telling so far.

- Charanjit Singh:** Sir, on the Industrial Motors front, if you could highlight how is the overall market momentum right now? And going forward, in Q4 and in the subsequent next financial year, how do you see the market growth rate and subsequently the growth rate for our industrial motors business?
- Ramesh Kumar:** Generally, we follow the IEEMA data for understanding what is the market growth. But quarter 3 data is yet to publish, they are not yet published. But definitely because of the -- this sudden increase in the prices, quarter 2, there was a flat, almost flat. But quarter 3, we had to wait, we are waiting for the results to come. But internally, we have done much better than quarter 2 -- growths are much better than quarter 2 in volume wise.
- Charanjit Singh:** Sir, lastly, on the railway side, earlier we had highlighted that we'll be doing some technology tie-ups and participating in some of these large tenders, if you can touch upon the status of those tie-ups and the time-lines for these large tenders of Vande Bharat and others which are under pipeline. That's my last question.
- Ranjan Singh:** I think we have explained earlier also that we have been working on trying to have the tie-ups but the timeline was very short in terms of the tendering times. So it was not possible for us to participate. We had explained that we would wait for anybody who wins, and then we'll try to associate with them for being a supplier for them. It is a win-win situation for both of us. While our endeavor for having a partnership with another technology partners for any future tender that would come would be continuing.
- Moderator:** We have the next question from the line of Renu Baid from IIFL Securities.
- Renu Baid:** Congratulations for a very strong performance this quarter. My first question is, can you throw some inputs in terms of our qualitative inputs in terms of the demand drivers and demand outlook, both for industrial as well as for power systems. And have you seen any ease in the relative competitive environment or the market looked equally tight in today's perspective. So which are the key end markets driving growth, key customer and which has been helping strong growth and growth in execution?
- Ramesh Kumar:** Generally, most of the core industries like around cement and pharma to some extent and the infrastructure, especially until this year because of the good range and ethanol demand. So even the sugar and ethanol. So all these sectors are doing very well. And except for a little bit on steel, which is flat or maybe slightly de-growing. But otherwise, most of these industries are doing well. So we anticipate that going forward, the growth or the demand will be better.
- Renu Baid:** And between the LT and the HT, how has the market been -- now that capex across manufacturing sector is seeing, quite a bit of activity. Have you seen the demand for HT motors seeing growth coming back? And on the rate of scale, how is now CG positioned in this space?
- Ramesh Kumar:** HT, yes, obviously, HT is doing the growth wise and even in our order intake wise, HT is doing much better. That always happens HT, being the long delivery times, generally, any capex, the first finalization will be HT, then the LT will come. Say, for example, whatever cement industry expansion is going on, they will finalize the orders along with their power equipment, the HT

motors first, then maybe after six months, the LT will follow. So since the HT is good, hoping that the LT also will follow in the same group. But HT is much better, I can say.

Renu Baid: Sir, second, can you share some updates on the B2C, the consumer business, which we had kick started last year, progress in terms of fans and performance portfolio or other products which were launched. So some color or shade in terms of where are we in terms of investment in distribution, product reach, etcetera?

Ramesh Kumar: So the two products which we have launched, pumps and fans and we are definitely doing slightly better than what we anticipated. And there is a little bit -- overall consumer itself is a little bit down trend. If you see the overall fan industry, is largely well for the last two quarters. The quarter 1 was very good of this year. Quarter 2 and quarter 3 has been very, very low.

That is because of two reasons. One is the overall market itself is -- consumer buying itself is low. The second one is even the stocking has been gone down because from 1st January, the star rating is implemented in fan. So these stocks -- now people are not stocked it, very big stocks for the coming season. So obviously, we are hoping that the Star establishment will happen -- star rating establishment will happen this quarter. So the first quarter of next year should be much better.

Renu Baid: And in the industrial segment, just coming back to the previous question, you had mentioned that quite a few new products were launched to help improve the long-term profitability of the segment. So any comments to elaborate on this, what type of product releases either was it rating, range or new SKUs have been looked at?

Ramesh Kumar: See, we are focusing more and more on energy-efficient products. So initially, it was IE2. Now we are moving towards IE3 and also, we have developed a complete range of IE4, for both hazardous and non-hazardous and also, we are focusing on the alternator business, which was not doing well earlier.

So now it is slightly retail genset demand is increasing. So there also, we have done quite a bit on the new product development for both the sustainability of our -- and to be more cost competitive in the market. So that's how we are focusing on this business, especially.

Renu Baid: Sure and one last question on the Power segment. The capex of INR 126 crores, which has been announced. These are largely on power transformers, distribution any specific color that we can share, what type of transformer range power distribution? And what is the kind of capacity expansion that we are targeting from this?

N. Srinivasan: Mukul, You can answer this.

Mukul Srivastava: See, this is to expand our existing range of the products. We already made the entire range of power transformers, distribution transformers going from 11 kV right up 765 kV. But the demand is growing. So we also want to improve our capacity in the power transformer factory at Bhopal from 17,000 MVA to 25,000 MVA and in Gwalior, from 6,900 MVA to 9,900 MVA.

- Moderator:** We have the next question from the line of Mahesh Bendre from LIC Mutual Fund.
- Mahesh Bendre:** Sir, what was the contribution from fans and the pump business in the last nine months for sales -- stand-alone sales?
- Susheel Todi:** No, it's not very significant, sir. So we are not disclosing these numbers separately as of now. So once that numbers are reportable, then we'll start reporting separately.
- Mahesh Bendre:** It will be less than 5%?
- Susheel Todi:** Yes, definitely.
- Mahesh Bendre:** And sir, secondly, you said that the railway business was INR 282 crores. This was for three months or nine months?
- Susheel Todi:** This is for three months.
- Mahesh Bendre:** And what will be the contribution for nine months?
- Susheel Todi:** Multiply by three, around INR 830 crores.
- Mahesh Bendre:** And sir, we are at the fag end of this financial year now. We have grown -- both businesses have grown in the last nine months. So what is the outlook for next two years for our business?
- N. Srinivasan:** So this is actually an earnings call for this quarter. How do you expect us to answer this question? Outlook is good, that's all I can say. This is earnings call for Q3.
- Mahesh Bendre:** So I was just hoping we are in the month of January. So I'm just thinking that...
- N. Srinivasan:** Outlook is good, sir.
- Susheel Todi:** So we see a very good outlook, sir. No, issue about the outlook side.
- Mahesh Bendre:** So in terms of -- we have two businesses like industrial and power. So where do we think the growth prospects are much better in terms of growth?
- N. Srinivasan:** So I think we generally don't give any guidance. We don't give any guidance. But both the businesses will grow in double digits. I can definitely say that.
- Mahesh Bendre:** For next year?
- N. Srinivasan:** Yes.
- Moderator:** We have the next question from the line of Rahul Gajare from Haitong Securities India Private Limited.
- Rahul Gajare:** Congratulations for a very good performance in the third quarter. I've got two questions. Building on the earlier question on transformer capacity at Bhopal and Malanpur. Given that

you're specifically expanding this capacity, what are -- what is the thought on getting back to the export market? So any thought of adding capacity on the coast, so as to cater to the export market? That's the first question.

N. Srinivasan: So right now, the domestic demand is strong. So we want to cater to the domestic demand first.

Rahul Gajare: Sir, and what would be the capacity utilization of your transformer factories right now?

Susheel Todi: It's around 65% for both put together for our power transformer and the distribution transformer.

Rahul Gajare: Sir, my second question is on the EV side. Is there any traction on tie-up for the EVs with auto players? Or what is any -- what is the movement on that particular part of the business?

N. Srinivasan: Nothing has been tied up so far. If there is anything tied-up, we would have reported, no?

Moderator: We have the next question from the line of Harshit Patel from Equirus Securities.

Harshit Patel: So my first question is on our Power segment. You have previously mentioned that you were working on developing the 400 kilo volt GIS. So could you share any update on the same? And also, by when you think we will be able to see commercialization of this product line?

N. Srinivasan: Mukul?

Mukul Srivastava: Yes, sir. See, we have started our work from end of last year. And on a complete GIS, there are almost 10 major components like disconnecter switches, mechanisms, buzz bars, all that part we have to develop. So we are in the process of developing first two components of this, and this will take another two years time. So hopefully, by the end of FY '25 or in the beginning of FY '26, we should be able to commercialize this.

Harshit Patel: So this will be up to 400 kV, right? There will be still some time to go before we reach 765 kV, right?

Mukul Srivastava: So 765 kV, substations are far less. I think most of the investments will happen in this, upto the 400 kV range. So if we already make the GIS up 245 kV. Only the 400 kV, per se is the missing link, which we are trying to cover. 765 kV else done, is revised

Harshit Patel: Sir, just a follow-up to that. In terms of overall HV switch gear market right now, what would be the split between AIS and GIS at the industry level. I'm not asking for our split, but what would be that at the industry level?

Mukul Srivastava: See, split will be approximately. I mean there are no published numbers for this, but possibly, we can say the split is between 70 and 30. 70 towards AIS and 30 towards GIS.

Harshit Patel: Sure, and my second question would be on our industrial system, since you have already elaborated quite a lot on the railways business. If you can just give the order intake number for the railway business for the first nine months, that will be very helpful. And this INR 830 crores

number that you have mentioned, is it entirely booked in the industrial system or there will be some portion of power systems as well into that? That will be my last question.

Ranjan Singh: INR 830 crores was part of the industrial business. And as far as the order intake is concerned, the cumulative order intake is about INR 900 crores.

Harshit Patel: And what would be the revenue portion in the Power Systems business for the unit?

Susheel Todi: So that is approximately around INR 20 crores every quarter -- Sorry, INR 80 crores every quarter.

Ranjan Singh: It would be around INR 240 crores by this time.

Moderator: We have the next question from the line of Dhavan Shah from Alfaccurate Advisors.

Dhavan Shah: So I have a question on the railway side for the industry business. So you mentioned the order inflow for INR 900 crores for the nine months. So can you mention the order backlog from railway as on third quarter?

Ranjan Singh: It could be in the range of about INR 950 crores.

Dhavan Shah: 950. Okay. And in terms of the HT and LT, would it be possible to share the breakup of the revenue order inflow and order outflow for this third quarter and the nine months?

Susheel Todi: We don't give breakup of this.

Dhavan Shah: And the last one is on the capacity wise I think, capacity utilization was from the power business, you mentioned the 65% utilization, right?

Susheel Todi: That is only for the power transformer and the distribution transformer.

Moderator: We have the next question from the line of Sanjay Kumar from iThought PMS.

Sanjay Kumar: My only question was around capacity expansion. So the distribution you're adding in 3,000 MVA, is it specific to solar inverter transformer? Or is it for traction transformers or is the capacity kind of fungible so that we can cater to anything that demand that comes up?

Mukul Srivastava: It is for all types, actually. We already make the inverter duty transformer, that is IDT for the solar segment. I mean, they all come in the range of the, we call it as a, low power transformers from 10 MVA to 50 MVA. So, this is a capacity expansion for all types of transformers.

Sanjay Kumar: And how is the outlook for solar given the government's focus on renewables and we might even be adding 20 gigawatts or 30 gigawatts of solar power every year going forward. So is that capacity enough to -- for us to supply?

- Mukul Srivastava:** See, as you have rightly said that there is the outlook is good, there are so many players coming. And definitely, we are constantly monitoring our capacity given with the demand in the market. And in coming time, if required, we will first expand our capacity.
- Moderator:** We have the next question from the line of Vikas Srivastava from RBC Financial Services.
- Vikas Srivastava:** I apologize if this question has asked been asked before. Just wanted to know, it is a flavor of how the consumer product, what are the markets you've entered, what are the products you have launched? And how do you look at it in the next two, three years, the consumer products?
- Ramesh Kumar:** No, we cannot share so much details. We have entered into only two products as of now, but beyond that we cannot share these details.
- Vikas Srivastava:** So absolutely -- regions, size of the market, why do you see it two, three years? Anything at all which you're willing to share, just to get a flavor to the investors as to where we are headed on this? And I understand for business reasons, you can't talk much. But whatever you can, if you can, whatever your business compulsions permit you to?
- Susheel Todi:** For next three to five years, we are looking for at least four digit numbers. So this is the way we can talk. This is the maximum we can say.
- Vikas Srivastava:** We're looking at a four-digit turnover in the next three to five years?
- Susheel Todi:** Yes.
- Moderator:** We have the next question from the line of Amit Mahawar from UBS.
- Amit Mahawar:** So I just have two quick questions. First on the power portfolio. Am I right in understanding that the capacity expansions in the export target should help the company beyond FY '24 only in terms of export revenues for Power Product and not before that? That's the first question.
- Mukul Srivastava:** See, this capacity for the -- transformer capacity is for the manufacturing transformer. We have certain degrees of exports even today from both our factory at Gwalior as well as Bhopal. Going further, as explained earlier, we are focusing primarily first on domestic demand. And as and when, the opportunity arises, we will also keep looking at exports.
- Amit Mahawar:** And maybe second question on the industrial side. So in the current portfolio, how should we think about the export business again on the LT motor side? And if you can also throw some light on what is the mix of LT and HT in terms of exports that we do? Or largely, these are LT motors that we export?
- Ramesh Kumar:** So far we largely it is the LT motors only. And we have said in the last meeting -- last call, that we are going for an expansion basically for meeting the local demand as well as because we have not been much focusing on the export. So now we will be focusing more on the export also. But largely on the LT motors.

- Amit Mahawar:** LT motors, fair point, very helpful. Maybe a last quick question. On the entire power portfolio, if you assume around 140 billion, 150 billion worth of annual equipment market for the next five to six years, if almost 1/3rd of that goes in maybe HVDC or RE based product portfolio, which is actually CTSBC, etcetera? We are relatively not present. Can I assume that roughly 60% to 70% of the annual 150 billion, 140 billion market is the addressable market for CG. That's my last question.
- Mukul Srivastava:** Yes. You are right.
- Moderator:** We have the next question from the line of Jitendra Sriram from Baroda BNP Paribas Mutual Fund.
- Jitendra Sriram:** I just wanted to understand one thing from a capability standpoint, when you're mapping out your capabilities for a three- to five-year time frame. If you look at capex-heavy sectors like railways, renewables, all that, which is fairly active or Industry 4.0 and stuff. Where would you think that you need to add some ammunition going forward, current transformers or IGBT compensators or what exactly would be the areas of focus going forward?
- N. Srinivasan:** It's a very generic question. See motors, I don't think we have anything to be added excepting for technology for EV. You want to sell the EV segment, we need some technology that is one. As far as railways are concerned, the products which we are doing, we continue to do, there is absolutely no problem. In projects, big projects, like Vande Bharat or other locomotives, etcetera, we want to enter, we have to join in consortium with some players.
- That there is some. Similarly, on the signaling side like TCAS, etcetera, we need to acquire a technology. These are the areas in which we require as far as Railway is concerned. And the power is concerned, the whatever demand that is expected in the next three to five years, I think we are sufficiently, we have the capability to manufacture and service the market.
- Jitendra Sriram:** And also, if you could just talk about what exactly do you cater to on your automation side? What areas do you currently have products slate available in?
- N. Srinivasan:** So this is not something which we are doing in India. Our overseas subsidiary -- Drives and Automation subsidiaries is actually servicing some of the customers in Europe and elsewhere. They have specific application for many industries, water, waste water, irrigation, then energy efficiency, and material handling, so right now, even they are getting into electrolysis. So like that, there are -- there's nothing is operational in India.
- Moderator:** We have the next question that is a follow-up question from the line of Mahesh Bendre from LIC Mutual Fund.
- Mahesh Bendre:** Just a follow-up question. You said railway business is around INR 830 crores for nine months.
- Susheel Todi:** Yes.
- Mahesh Bendre:** And that is, I mean, included in the Industrial Business, right?

- Susheel Todi:** Yes.
- Mahesh Bendre:** Included in Power Business?
- Susheel Todi:** No. It is included in the Industrial System.
- Mahesh Bendre:** And sir, what was this number for last nine months?
- Susheel Todi:** INR 830 crores. That is what we have been...
- Ranjan Singh:** That is what we said. And the balance part was told, which is over INR 200-odd crores, which is also in power. And since it is mixed in both industry and power, we don't declare separately.
- Mahesh Bendre:** So INR 846 crores for this nine months and previous for nine months, what will be that number?
- Ranjan Singh:** That would be about INR 700 crores.
- Moderator:** We have the next question from the line of Mayank Chaturvedi from Equirus Capital.
- Mayank Chaturvedi:** So my first question is on the industrial system side on the HT motors. You said that the order intake wise, the volumes are -- they are looking very good. So I just wanted to ask, this is a result of any technology upgradation that we've taken in. As far as I understand, there was some product gap that we had with our immediate competitor. So any movement on that front, unplugging the product gap?
- Ramesh Kumar:** No, it is a basically, the market is doing very well. And also, if you noticed that a couple of years back, we have a separate plant for HT motors. So we have increased the capacity in 2019. So that is why we are now utilizing the capacity what we have built at that time.
- Mayank Chaturvedi:** So were trumping all the new competitors that rest in the market as well it so. You're seeing Nidec, WEG, Tyco very aggressive. So even no challenges from that front as well then?
- Ramesh Kumar:** They have been, they are in HT, there are more than 11 competitors. So they have been there for quite some time now. So...
- Mayank Chaturvedi:** So secondly, on the Power Systems side, can you give us split between the -- revenue split between transformers and high-voltage switchgear for the first nine months?
- Susheel Todi:** No, we don't state that number. So it's a combined number for the transformer and the switchgears. But the ratio remains between 45% and 55%. So that is the, usually the break-up.
- Mayank Chaturvedi:** 45% transformers and 55% switchgears.
- Susheel Todi:** Yes.
- Moderator:** We have the next question from the line of Dhavan Shah from Alfaccurate Advisors.

- Dhavan Shah:** So just the last one on the capacity-wise. So would it be possible to share the capacity and the utilization number for LT and HT motors?
- Susheel Todi:** Its 80%- 85%.
- Dhavan Shah:** And the capacity internal numbers or anything, like that?
- Susheel Todi:** We don't – give that, reporting this number, but our utilization, it could extend around 80%- 85%.
- Dhavan Shah:** And you mentioned that we increased the capacity for HT motor. So how much expansion was that versus the base number in terms of percentage-wise also?
- Susheel Todi:** It was done in 2019 that is what our Mr. Ramesh Kumar is talking about.
- Ramesh Kumar:** Yes, I said earlier, we used to manufacture railway and industrial motors in one plant. So we have separated that plant, and we got more capacity, that is what I mentioned. That was done in 2019. So thereafter market was not good, now the market is good so we are taking the advantage.
- Moderator:** We have the next question from the line of Amit Anwani from Prabhudas Lilladher Private Limited.
- Amit Anwani:** I would like to understand your market positioning, are we gaining market share in each of the verticals, including transformers, switchgears and LT/HT motors, any numbers if you would like to share?
- Susheel Todi:** No, we are gradually increasing our market share. So motors, we are at around 33%- 34%. In transformer, we are less than double digit, but what we were there one year or 1.5 year before, now definitely, the market share has gone up.
- Amit Anwani:** And sir, my second question is with respect to transformer. And if you would like to share on the competitive intensity there between us and nearest competitors with respect to pricing and products, anything which is impacting the market or making the market for transformers?
- Susheel Todi:** Mukul Sir.
- Mukul Srivastava:** If I understood your clear question, your question is about the competitive edge we have got over our competitors. Is it correct?
- Amit Anwani:** Yes, sir.
- Mukul Srivastava:** See we are a player with a large experience and good teams in manufacturing. But you know that transformers are some of the items certified by US utilities. So normally, all of us have to meet the specifications and quote in the tender.

So generally, these final items will not have a very distinct advantage with anybody, it is the manufacturing efficiency and what features we can additionally add. So that will constantly keep working and keep updating also.

- Moderator:** We have the next question from the line of Janak Kumar H from JLS Capital.
- Janak Kumar:** Thanks sir, for the stellar Q3 performance. My question is, when do we propose to restart the lighting division -- consumer lighting division?
- N. Srinivasan:** It will take some time. No decision has been taken. It has to be decided by the Board first yet, it will be cleared by the Board. So we can't say anything. There are no immediate plans now.
- Janak Kumar:** Because the Crompton Greaves was one of the leaders in consumer lighting division like especially in LED lighting, so better would be earlier, sir.
- Susheel Todi:** Thank you for your suggestion.
- Moderator:** As that was the last question for today. I would now like to hand the conference over to Ms. Bhoomika Nair for closing comments. Over to you, ma'am.
- Bhoomika Nair:** Yes. Thank you. Thank you very much for giving us the opportunity to host the call, sir. I'm wishing you all the very best. Any closing remarks from your side, sir?
- N. Srinivasan:** No, I think nothing special. Thank you for all the participants for joining this call. Thank you.
- Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.