"Schneider Electric Infrastructure Limited Q1 FY '26 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Schneider Electric Infrastructure Limited Q1 FY '26 Earnings Conference Call hosted by Elara Securities. 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 the star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Harshit Kapadia: Thank you, Shruti. Good morning, everyone. On behalf of Elara Securities, we welcome you all for the Q1 FY '26 Conference Call of Schneider Electric Infrastructure Limited. I take this opportunity to welcome the management of Schneider Electric Infrastructure represented by Mr. Udai Singh, Managing Director and CEO; Mrs. Suparna Bhattacharyya, Chief Financial Officer; and Mr. Mohit Agarwal, Head of Investor Relations. We will begin the call with a brief overview by management followed by a Q&A session.

I'll now hand over the call to Mr. Singh for his opening remarks. Over to you, sir.

Udai Singh: I just -- I'm sure you have gone through the presentation, which we had shared a couple of days ago, and I want to take you along that and then followed up by whatever questions you might have.

Now I would like to reiterate and which is what I'm very proud of, of the setting up the mission and vision statement for the company. SEIL has a very clear vision of leading the new digitalized energy world as we say, offering our customers and partners the most innovative connected products and solutions, which would be ready for the then power distribution's elevated expectations.

We do this with our balanced business models, superior quality and efficient supply chains, which will keep our growth and profitability intact and resilient. We have a very clear mission, as you know, to be a digital partner for sustainability and efficiency. And we really believe that the life is on, as we say, everywhere, for everyone and at every moment.

I'll start my presentation with a slide on the market outlook. And what we have tried to share with you here is, what -- how is India evolving? And what does the future look for company? And what we have tried to do here is try to summarize this primarily into 4 pillars, and these 4 pillars are the trends which we see them evolve, which are greatly impacting the company, which we currently run, which is Schneider Electric Infrastructure.

Now the first one is -- of course, is the green energy, which, as you know, it has been moving very -- in a very agile way, I would say. India has attained 50% of power demand, about 4, 4.5 or 5 years ahead of the schedule. And they have – three-fourth of what we added in this Q1 is actually coming out of renewable, which just reinforces the fact that we are on the right track as a country.

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Now what is important and which I want to really point out is something which has been happening on the hydrogen demand and what is lying in front of us as regards to the green hydrogen.

Now the analysts have said that we expect the hydrogen demand to be roughly about close to 9 MMTPA by 2032. Now what it also means is there are a lot of things, which will start happening. I'm sure you have -- you must have noticed the activities which are underlying this green hydrogen thing. There are people who are actually making electrolyzers, there are developers and investors who actually -- and owners, of course, who are trying to make these facilities.

And this is something which as and when it picks up, it really will -- has a very positive impact for the company. What is also important is about the integration of the solar produced power into the national grid. Now this also impacts us a lot because we have plentiful smart grid solutions, which can be enacted upon as and when these demands picks up.

And in fact, if you notice and you read about INR14,000 crores actually scheme is being put just to hook up 9 gigawatts of solar being thereby produced into the national grid scheme. As I said, this will open up some business avenues for us in terms of provisioning and installing the grid solutions, which can make this flow, which is a multidirectional flow, seamless.

Another important element, which you will recall, our honourable finance minister said, is our interest in small modular reactors. Now typically, if you perhaps have noticed, nuclear power in India today, we are roughly at about 7 gigawatts. And to put up a nuclear plant by Nuclear Power Corporation of India usually takes anywhere between 5 to 7 or 8 years because these plants are large.

There is a there's a huge capacity or huge requirement of land, which is being sought. There's things around environmental clearances, etcetera, which has to happen. And that's the reason why the gestation period of these projects are longer. Now this being one of the clear fuels is being thought and which is being very rightfully thought is, can we get into those reactors, which are smaller in size. And therefore, it will bring up a few things.

One is it will accelerate our ambition of becoming 100 gigawatts of renewable by 2047, which is the time which -- where we will turn 100 years of independence. And this will bring up an accelerated -- as I said, accelerated mechanism of actually putting up nuclear power plants, plus additionally, it will also be -- facilitate the country to put up these nuclear power plants, where the lands available are smaller in far flung areas where perhaps today, we have not been even thinking of putting up a nuclear plant.

Now when I mentioned this, as and when these plants come up, this eventually opens up avenues for us for business for really engaging and supplying power distribution equipment along with the software and solutions, which we have not only for the plant but also for the people who actually will eventually make these smaller reactors in India. And of course, it's being supported by the government through the National Green Hydrogen Mission where about INR20,000 crores have been earmarked for us.

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I jump into the second pillar, which is essentially the artificial intelligence and the digitalization, which is being sought. Data centers in India actually will see a different path altogether. Today -- and this will get fueled by the growth in the digital economy. Now we were -- a couple of years ago, we're roughly about 11%.

Now we expect that this economy -- digital economy ratio as we turn in, say, 2031 or 2032, this will be roughly about 20%. now what does it mean? It means that we have to handle large amounts of data. Not only this will economy push, but also the fast-growing 5G needs will also push the data center demand in India to go up. And what we expect that we should be adding another 2.5 gigawatts or about 3 gigawatts of IT load capacity on the existing 1.2 gigawatt load in, say, coming 4 to 5 years.

Now this is very important for us, again, because we supply substantially to data centers. And we have solutions which can be given in this segment to make them very energy efficient and resilient. Now there are schemes, they have schemes which government has been driving to bring up this AI-based infrastructure in India to fuel the data center growth or to aid the data center growth and other accessories, which have been happening.

Another couple of important topics in digitalization is the semiconductors, which now India has already -- the people who have announced OSAT facilities, there are Tatas who are going in for a large semicon in Gujarat. And that is something which will set forth India in a different orbit, I would say, in a few years down the line, where the Atmanirbhar Bharat or Self-Reliant Bharat in terms of making the entire chips which will be of different thicknesses in India self-sufficient, which is very important.

This is something which is going to happen. And we -- the company has solutions actually to deliver and support these initiatives of government and developers. RDSS scheme, as you all know, has been our backbone. INR3 lakh crores were earmarked for this. There are states who have been working, and we supply the primary and secondary side of switchgear along with the solutions which we have, which are in terms of, again, modernization of grids to bring the AT&C losses down is something which we have been doing and which we will continue to do.

Another important element, which I think everyone of you will relate is the mobility segment. The growth at which EV is expected to witness while we all know that the government has announced a penetration of about 30%, although it's a different matter that we are today at 7.8%. But I think you must have read the declarations made by the minister where they are trying to really push this hard in terms of even to an extent of deincentivizing people who are not embracing this EV, especially in the government side, is something which will propel this.

And what we are really keen in seeing and supporting all those developers, whether they are CPOs or DISCOMs in terms of establishing a fast charging infrastructure, which is the future for tomorrow.

Now when we say 30% penetration in year 2030, what we are essentially talking about is about 40% of buses will actually get electrified, which will open up immense potential for us as we see and we anticipate going forward. Now even the charging infrastructure, I'm sure people who

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are interested in this segment may be aware that we were roughly about 5,000 charging stations or blocks, which we had about 3, 4 years ago.

We have actually grown to about 26,000. And we are expected to be at maybe putting up another close to 13 lakh charging stations and we see them coming up by 2030. Today, there's a large headroom to improvise because on an average, if I'm not wrong, we have one charger for 235 vehicles, which is nowhere near to the advanced or developed nations where EVs have been embraced much higher like in Europe or U.S. And that's the reason why I say that this opens up a good avenue for us going forward.

Another important element, which actually -- or another 2 in the mobility segment. One I would like to call out is the UDAN project of government, which is nothing but I'm sure you might have heard, is Udega Aam Nagrik, where we have been talking about 122 -- 120 new destinations being coming up and we getting close to about 4 crores of daily commute happening on the air. And that's something which is -- which will open up many, many things.

I'm sure you would have opened -- you have seen in larger airports where people are speaking about these airports are sustainable. And what they really mean is these are energy-efficient airports, which are aimed to bring the CO2 emission least. And that is where our solutions come into picture. We get into multiple packages besides power distribution, which we handle very well.

And we see a lot of upside going forward, while the projects take some time to get implemented, but at least there is an ambition, there is a direction which government has in terms of augmenting the air infrastructure. Not only that, we are also pretty much prevalent in the mass rapid transport system. We were -- we have already close to about 1,000 kilometers of rail network, mass rapid, and we intend to add another 1,000 in coming years.

And that is where we actually would be generally very much interested and very much keen in actually engaging with the agencies which put up this infrastructure. We have quite high and appreciable percentage of power distribution in the entire country in this area and where we would like to take this further up. I'm sure you are aware, we make VCBs for -- on the trains, which are Vande Bharat trains, about 80%, 75% or three-fourth of trains in India are being powered up by your company's breakers.

The last but not the least is something which I would like to call out is the energy storage systems. Now these are -- just to give you a sense about this, these are required essentially to handle to the peaking demand so that the DISCOMs can handle and ensure the reliability of availability of power when there is the peak in the -- or the surge in the demand.

And India and the authorities, which are essentially the Central Electricity Authority have spelled out that we -- in 5 years from now, we would be having a capacity of 400-plus gigawatt hour, out of which about 230-plus gigawatt hour will come out of battery-based energy storage systems.

And this is something which we see emerging very, very fast. And we -- and this is very relevant and pertinent to us because we have multiple solutions in this. We have modular solutions in

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this. We can -- where this has got 3 basic parts. We can supply 1 part, 2 part or 3 part altogether to the people who actually are putting up these capacities and infrastructure in India.

Another important thing is, of course, because you have EV picking up, we have battery-based energy storage systems picking up. And therefore, what is also picking up is the battery itself. Now there are battery manufacturers or rather I will put as cell manufacturers, which see -- and they are pretty bullish about setting up a localized infrastructure of cell manufacturing and battery manufacturing in India.

We engage with them. We supply them the same set of solutions, which are -- which make them really make their operations, I would say, resilient, trouble-free and consistent. And therefore, the surge in the battery, which we will see, if not now, maybe 1 or 2 years later, is something where we will be very much interested and it will be impacting to us.

And while we see this, what we are also trying to do is really -- I would like to take your attention to the bottom of the slide. What is that which we are trying to do here? Number one, we are engaging with the policymakers. We are engaging with the other set of stakeholders, which are relevant and pertinent in these areas.

In terms of either on the -- I would say, on advising mode in terms of bringing in best practices of the globe to India, what we should be doing and what we should not be doing. The way we are going to expand these infrastructures in India and how the technologies can contribute. We are one of the respected voice here, and that's the reason why we are engaging with these regulatory bodies or policymakers. We are also trying to see as to how can we be a few years ahead of the rest of the market in terms of really bringing up something which is innovation.

And when we say innovation, it is not because -- the entire innovation piece in the company is directed towards the differential value additive, which we bring in for the end user. And that's something which is being appreciated, and that is the reason why we are really being heard and respected.

And of course, we are also fully cautious that when the evolution of new technologies, new markets, new dynamics which are emerging, are we really capable, and we are trying to really keep those skills with us, which we keep on refreshing as we move on so that we are really there as a company when we are required to be there.

I would like to take you to the next slide, which is just probably sharing as to what your company has been winning. One, the first is the core, and I'm talking about Page Number 6, where we have actually put up 3 cases in water, power and grid and mobility segment, where, as I said, we have won the entire package for one of the large cities in West, followed by transformers again in West, which are long-duration contracts, which we have signed up.

And third, of course, is in the water, and this is actually in Central India in MP, where we are trying to supply, again, transformers, which are intelligent and which are fed by the right set of oil. And I would take you another -- further ahead in terms of the successes which we have seen in data centers.

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Again, in power and grid and in MMM, I'm talking about Page 7, where the success came in because we were seen as a technology provider or a shop which can give not only one set of equipment, but a bundled solution where each one of these things speak to each other and therefore, what the user gets is more advanced, more informative set of equipment by which he can make the operations run more seamlessly and more efficiently.

And therefore, we have done -- we have supplied to a steel industry in West. We are actually supplying to a very established data center player in North, where we have supplied the air insulated panels and the secondary distribution panels along with -- and these equipment are fully sensorized, which are coming up with our subscription plan for accelerated resolution and support.

And we have also supplied in North where it is a complete e-house, which has got the gas-based primary distribution. It has got 11 kV primary distribution again. And this is something which is coming out of motorized RIRO and this is important I would like to just share with you is this is a feature which we have made, which is nothing but when you are interfacing with the equipment.

There are times it is spelled to make it more safer and secure is can we operate the equipment in terms of fiscal movement of the breakers without going and standing in the vicinity of the equipment, which is where people were looking for something which is motorized remote rack in and rack out of equipment, and this is what we have done. And this utility, which is progressive in nature, was, in fact, the one which came forward and said this is what we want and we delivered them the features which they were looking for.

Further continuing, our areas in terms of what we have been talking about for what we have been known for is the area of sustainability. I talk about Page 8, where one is our smart inverter duty transformers, which we have supplied for a solar farm in, I would say, Rajasthan to a developer. Then we are also trying to -- we also supply another transformer, which was extremely intelligent in terms of all sets of base. And of course, it came up with a subscription model of support and service to a solar and wind developer.

And the last, which we are very proud is the elements which we have started piloting and there are certain private DISCOMs which have started experimenting this, and there's a clear mindset change or shift there is in terms of how do these new technologies will make their operations more sustainable. And this is the first smart ring main unit, which we are supplying to utility in North. And when I say smart, the smartness is that it can do multi more things more automatically than a normal ring main unit.

I will actually take you to the last slide before I hand over to Suparna, which actually speaks about the financial numbers is a -- is -- and I'm talking about Page 9, where I'm happy to say that we have upgraded our design at 33 kV, wherein we have come out with an upgraded version of breaker, which actually can handle up to 3,000 amperes at 33,000 volts.

This was something which is -- which we were trying to work upon, and this is something which we have done for India, which we have -- came up with and we were successful in actually also

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winning one order last quarter. But this is very important because it has got many, many features which usually market is looking for. It has got withdrawable breakers. It is tested with something which we call the internal arc, which is only towards the safety of operator.

It is efficient because it is a roll-on floor design, really compact, fully digitalized with easy access in closed door to ensure safety of operating person, as I said, and fully added by -- like all of our products with QR code, which gives everything what is there inside. And of course, this is catering to the renewable market and also in the MMM segment. So this is a new addition in the basket. And happy to say that we have also concluded one order, which is large in a few hundreds, which is something being done.

I'll pause here and may request to -- Suparna to take through financial performance with all of you. Over to you, Suparna.

Suparna Bhattacharyya: Thank you, Udai, and good morning, everyone. Is my voice clear?

Udai Singh: Yes.

Suparna Bhattacharyya: Okay. So we are in Slide Number 11, Page Number 11, and I'm happy to share the strong momentum in orders that we picked up during this quarter. And also the financial results for the quarter. And we have a great number in terms of orders for this quarter. We clocked INR 910 crores, which is 42.1% increase over the corresponding period of last year. Sales have been at INR 622 crores, which is close to 5% increase.

Our gross margins are at INR 241 crores, which is slightly lower by 1.5% over last year. EBIT at INR 67 crores, which is also slightly lower than the corresponding period of last year by 2.5 points. At the PAT level, we are at INR 41 crores 1.5% lower, but we have a very strong backlog, which is 25% higher than last year, the corresponding period and which ensures that whatever lag we have in terms of the sales, we will accelerate sales and catch up in the quarters to come.

So overall, a strong order growth, which is very, very encouraging. We'll look at -- we have a steady sales growth. And as I said, we'll surely catch up in the months -- in the quarters to come. We had some spillovers and some project delays, which were not fully in our control. That is why it has been spilled to the next quarter.

Also important to see that our future readiness in terms of the capacity expansion for which we took the capex approvals a few months back, they are all on track. And the future in terms of taking care of the market requirements is being fully protected. The strategic levers, if I talk of, we have accelerated the growth in the segments, and Udai has already talked. We have leveraged some emerging segments and of course, strengthened the resilient segments where we are market leaders from time to time.

A lot of focus on services, the modernization, the digital services and the remote asset monitoring are the key features of the service-related solutions that we offer to our customers. And we have the transactional business, which is done mainly by our partners. We are promoting the partner business significantly because it is a quick turnaround in terms of -- as compared to the project business and -- so that we are right on track to achieve the sales target for the full year.

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As we said that we have a good traction in orders with better product mix, and I'm on Page Number 12 now. The orders, good growth, good backlog, good profitability in terms of the orders that we have picked up, and we are in these days selective in terms of the orders.

We are picking up very good orders in terms of the margin as well as the payment terms, etcetera, which is ensuring not only the growth in the business and the margins, but also the hygiene as far as the collections, etcetera, is concerned. Sales again at 4.8%, which is -- which as we are saying, is moderate.

Now over to Page Number 13, which is the P&L. We -- as I said, we did sales growth of 4.8%. Overall, the total revenue growth has been 5.1%. Our material margin has been 38.8%, which is 1.5 points lower. And the reason for this is the corresponding period of last year had some exceptional credits. Otherwise, we are pretty much in tune with the margins that we have -- we are expecting.

As far as employee costs, which have grown by 11.8%, this is well in control. It has the inflation, the salary hikes as well as the additional expenses with respect to the headcount. And we also have the variable salary cost, which is predominantly the labour, etcetera, used in production because of the project or the long TAT of our business or the project business or the equipment, we need to spend today to have the sales and the inventory ready for the next quarter.

So that is the employee cost component, which is pretty much in control. Very important to see that the other expenses have stabilized as compared to last year, where we were building on capabilities and other things within the organization. So almost 4.9% increase in the other expenses. EBITDA at 11.8%, lower by 2.4 points.

Depreciation slight increase due to the increase in the asset base that we are investing time to time. EBIT at 10.7%, less than 2.5%. Finance costs lowered a little because of the optimization of the interest expenses, which is on the treasury bill. After that, we can come to the profit before tax. which is INR 56 crores, which is 9% as a percentage of sales, and we are lower by last -- from last year by about 2 points.

Now coming to the PAT, we are at 6.6% of sales. Last year corresponding period, we were at 8.2%, which is again 1.5% lower. However, as we said, we had a moderate growth in sales for this quarter, but we are sure that we should be able to optimize on all of this in the next quarter with the good orders and the good backlog that we have with us. Thank you very much. Over to Elara.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Naysar Parikh from Native Investment Managers. Hello, Mr. Naysar Parikh?

Naysar Parikh: Yes, what I wanted to understand is that you spoke about a bunch of segments at the start. But can you just be a bit more specific and -- with regard to the kind of order wins that we've had this quarter, just talk a bit about where exactly are we seeing traction? And secondly, margin front, you said that we've kind of gone for orders where the margin is better. But this time -- this quarter, obviously, our margins have been lower.

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Our gross margins are -- versus the average that we've been seeing have actually been trending lower. So how should we look at gross margins, especially for the remaining part of the year?

Udai Singh: I'll start from -- thank you, first of all, and good morning. The orders -- the margin which you see is something which -- on the sale, which has happened. And the orders which you see are for the quarter which has been booked but not yet sold. Now this number, which you see a small drop is more of a time impact. It is not that. And whatever guidance we have actually taken internally for the full year, we are confident that we'll be delivering that margin and profitability for the full year.

Now this was to your question number two. And question number one is essentially, you were asking, if I'm not wrong, about these 4 segments, which I did speak about sometime earlier on as to how do we see ourselves getting positioned and how -- what sort of traction will these segments give us. Now what we are trying to tell you by that is that how is your company getting prepared for what is seen and anticipated by us in India in coming years and times.

Now the business as usual, which have continued will continue, but it is a step towards getting ourselves future ready in terms of being there ahead of our peers like the way we are till now and the coming new evolving India as well. That was the only thing -- only intent and purpose which we were trying to share with all of you.

Naysar Parikh: Right. Understood. My question was if you could give some kind of your split between your -- the order inflow for the quarter, what segments between data center transmission, etcetera, how -- what segments are driving it? If you can give that mix, that would be helpful?

Udai Singh: That mix can be given later by Suparna. But typically, in a quarter, you really can't figure out on a quarter performance in terms of segment split and nuances because typically, what we see a larger duration, which actually rolls up to at least 2 quarters is something to get you a sense in terms of whether -- which segment is accelerating and which segment is actually more flattish. But this Q1 split, Suparna, if you have, you can share. Otherwise, we can get in touch with them later, maybe perhaps.

Suparna Bhattacharyya: I'll just add here. See, Power and Grid is our bread-and-butter business, and that contributes to 40% to 45%. Regarding the other segments, it all depends on what kind of investments are coming and what kind of -- which orders we take, and it is not a very standard mix all the time. So we would refrain from commenting on that. But yes, Power and Grid is a 40% to 45% contributor to our overall business at all -- almost at all times.

Naysar Parikh: Right. And how much would data center be last -- this quarter?

Suparna Bhattacharyya: See, data centers, the investments come up, like one big investment comes up at one point of time and then it is a little lull for some time. So we cannot really comment on that because there is no established trend as such in our numbers or even in the industry for that matter, I would say.

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Naysar Parikh: Okay. No, I was trying to understand because the order wins, obviously, we've seen strong growth. So I was trying to understand from where is -- I understand the 45% of Power and Grid, where is the growth? What is driving that growth and acceleration?

Suparna Bhattacharyya: Mainly Power and Grid and related energy sector.

Naysar Parikh: Understood. Okay. And for this year order, in the H2, what is -- what would be your outlook on growth and margins? You don't need to give numbers as such per se, but just directionally, do you think H2 is looking better than H1 just where you stand both from order inflow and maybe margins as well?

Suparna Bhattacharyya: So currently, we'll be completing H1 with the next quarter. And honestly, I need not say, but the orders itself and the backlog that we have, they are strong indicators that we shall have better numbers in the quarters to come.

Moderator: The next question is from the line of Mahesh Bendre from LIC.

Mahesh Bendre: Sir, in the presentation, we have mentioned, I mean, for this quarter, our sales growth was muted. So we have mentioned that the moderate growth on account of spillovers and project delays. Sir, what -- is it possible to elaborate this, sir?

Udai Singh: See, 5% growth is what we have witnessed in this quarter, which is perhaps because of one main reason that there are certain projects which got shifted into Q2. And really, if you ask me not a matter of concern because we are talking for larger periods and what gets flips gets consumed and cannibalized in the subsequent quarters.

So on overall, as I had said before, we are staying with the guidance which we have taken for the full year and which is also evident from the strong 26% growth in order backlog, which we have bagged. So other than that, I mean, nothing to be very particular. In the project business, quarters doesn't really matter much because we talk about larger durations.

Mahesh Bendre: So whatever the spillovers and project delays, those will be captured in Q2 and Q3?

Udai Singh: Yes.

Mahesh Bendre: And sir, quarterly, I mean, the order inflow is very, very strong. I mean this is the best in last 8, 9 quarters, sir. So is the momentum will be continue going forward next 2, 3 quarters?

Udai Singh: If you see the data, and this is not specific to your company, but the data typically indicates a decline because if you see all the data, which typically are the financial indicators, if you really ask me, like the GDP is strong. We actually have -- if you remember, last -- Q4 of last year, we hit -- the GDP was upwards of 9%, okay?

Where the entire last year, we were 7.1%. We fell to about 6.5%. The guidance of IMF recent is 6.4%. The industrial, the IIP is another indicator which we speak of, which is actually sort of, I would say, on a decline. The GFCF, another indicator also for this quarter has not been great.

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So in other words, nothing to greatly worry about. But in my opinion, as I look on a personal level, it's something which we are sort of stabilizing and not to be too much concerned about the recent announcement -- geopolitical announcements, which has been happening. These are a few abrasions, which eventually will get settled out, I'm sure.

And overall, not as bad. It's not as big. We are returning back to the normal set of operations like what we had. In fact, the abrasion, I would call will be the COVID era started '20, very lull in '20, picked up greatly in '21, parts of '22. And now post that in '23, '24, we are sort of stabilizing. So we will get stabilized.

Mahesh Bendre: And just the last question. I mean, given what we heard from the tariff from U.S. on India, so there won't be any direct or indirect impact as such for us, major impact?

Udai Singh: No. No, not for us as to best of our knowledge.

Moderator: The next question is from the line of Abhijeet Singh from Systematix.

Abhijeet Singh: Sir, any guidance that you would like to give for FY '26 in terms of revenue growth, margin and order inflow?

Udai Singh: I would request Suparna to take this if she can.

Suparna Bhattacharyya: Well, thank you for your question. But as I said that while we do not give any guidance on the numbers that we'll be doing for the future, but it is important for you to see that the orders which have been picked up, they will be executed with complete focus in the months to come. And we are -- we just hope that -- I mean, it should be good in terms of the future because anyways, we had a muted Q1.

Abhijeet Singh: So my question was based on your understanding that in Q1, and you can correct me if I'm wrong, we have grown at around 5% in terms of revenue. And if I look at the -- look at some of the peers, in fact, the entire industry, the growth seems to be more than this. So -- and one of the reasons that you mentioned is that there were some project delays on the customer level. So apart from that, is there any other challenge that we are facing in terms of labor, in terms of a market share loss, something like that, that you would like to comment on?

Suparna Bhattacharyya: No. See, sales, a little moderate growth in sales doesn't really give the indication that there is loss of orders or there is a loss of market share. It is just that it has been deferred from this quarter to that quarter in our case specifically. Talking of any other challenges like labor, etcetera, thankfully, we do not see any such challenges. So our order execution is quite focused and quite -- we are optimistic in terms of the order execution in the quarters to come for the orders which we have picked up. So no challenge.

Abhijeet Singh: Also in terms of the order book, what is the mix between, I mean, the private clients and the government clients, PSUs, etcetera?

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Suparna Bhattacharyya: So mainly the PNG segment is, I would say, the government or the partnership. So I would -- so that 40%, 45% predominantly pertains to the government. The rest kind of comes from private. Udai, if you would like to add to this?

Udai Singh: No, I think Suparna, you have actually shared it. I was just trying to tell Mr. Abhishek that, when you really compare, it is very hard to find in an industry, which is exactly the set of -- and the scheme of things which we are. Now results have been mixed. And I'm sure we have healthy double-digit growth in certain companies, which are from the peer side, not exactly the people who have goals for the quarter, which is lesser than even 5.

So I would not like to comment upon the rest. But what I'm saying quarter performance essentially is 3 months performance. And as I had said before, we stay confident that the guidance which we have taken internally for the full year FY '26, we would be in a position to deliver it, and that is evident from the order backlog, which we have now created, which is sitting at about INR 1635 crores

Abhijeet Singh: Right, sir. So lastly, in terms of...

Moderator: Sorry to interrupt Mr. Abhijeet, may we request you to join the question queue for your follow-up questions.

Abhijeet Singh: Sure.

Moderator: The next question is from the line of Naman Parmar from Niveshaay Investments.

Naman Parmar: Firstly, I wanted to understand how is the capex progressing and when it will be getting live, in which quarter in FY '27?

Udai Singh: I can give you one answer, which perhaps will summarize it all. We is all moving -- all the projects, and there are many full, I would not be in a position to tell you each one of them. But just on a summary note, everything is actually moving as per the plan, and we have actually been taking the right set of actions to deliver the internal execution cycle and execution plan, which we had thought of. So all is moving on track.

Naman Parmar: Okay. And secondly, on the industry side, so don't you think that a lot of players have increased their capacity? And given that there is a very big demand from the renewable and data centers and all that, but don't you think there is a very competitive pressures on the various equipment and that's why the margin has been impacted? Or what's the take on the industry outlook?

Udai Singh: No. So because we follow our strategy, we -- and you're right, there are multiple manufacturers who actually have been expanding capacities. We are the ones who actually are niching ourselves out as one of the technology players with whom our customer engages and is happy to connect and transact with us because of the features and the usefulness and the reduction in the total cost of ownership, which we bring to them.

And therefore, we are not running after volumes. We are running after technology, and we are also trying to see as to how we really can create a differentiation, as I had said, in terms of those

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set of customers. And whatever capacities are needed, we already have started working on it and maybe INR 200-plus crores is what we have planned. And this is besides what we started in -- a couple of years ago, which was another about INR130 crores.

So that's something which we are trying to do. And we are not eating anybody who's actually trying to enhance and put up manufacturing capacities. We are pretty strategic in nature and trying to invest and enhance capacities wherever it is needed.

Moderator: The next question is from the line of Jayesh Shah from OHM Portfolio.

Jayesh Shah: Sir, you have been saying that you would maintain your guidance. So for the benefit of us, can you exactly tell us what is the guidance that you have been saying that you would maintain?

Udai Singh: I'm afraid Jayeshji, it may not be perhaps possible to share the guidance, but it will be something which Suparna would like to add if there is anything which you can talk about, but I guess, no.

Suparna Bhattacharyya: Yes, I'll certainly add. When we say guidance, it is the internal targets, etcetera, which we have with us. And of course, because as an organization, as Schneider Electric in India, we are all poised for growth in terms of the revenues, in terms of the margin, in terms of the working capital efficiency. I can only say that we are chasing those targets internally. And please be rest assured.

Jayesh Shah: Okay. Just to understand better, and I'm not asking for any numbers. If I look at the first quarter, what is effectively the capacity utilization? And what is the peak level of revenues we can achieve based on the current capacity and after the capex that is going on without giving the time frame. So I'm just looking at a theoretical capacity here if possible. And company is operating at what capacity utilization right now to have this kind of turnover of INR 400 crores -- sorry, INR 600 crores.

Udai Singh: I can take that question, Jayeshji. If I would like to tell you, we are operating at optimal level. And the second question is -- second question, if I recall right, was when -- as and when the capex comes up, we are gearing to building up those capex and those capacities, which is assumed with which we will be operating at optimum level.

Jayesh Shah: I see. Can you quantify what is the optimal...

Moderator: Sorry to interrupt Mr. Jayesh, may we request you to join the queue?

Jayesh Shah: No, it's the same question for clarification. So, yes. Yes. Can you quantify when you say the optimum or desired level from where you are, is it 2x, 3x over period once your capex gets commissioned and subject to you getting orders. So I'm not committing you or holding you to it, but just want to understand at a theoretical level as to what is the asset turn that would really be there? And what's the theoretical peak capacity sales?

Udai Singh: It would be -- Jayeshji, it's a nice question, but we have actually declared this in our SEBI notifications because there are multiple lines which are being expanded. We have actually said as to where we are and how much we have added. So I think maybe perhaps if I may request

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you to have a note or we can separately reach out to you in terms of really telling you as to which areas are we expanding and to what times, 1x, 2x, 4x.

Suparna Bhattacharyya: Yes, I'd just like to add to this. The capacity expansion is in different lines and would come up at different points of time. Currently, we are in the 85%, 90% capacity utilization. But then I always say that even if we are at that level of capacity utilization, it's not that we will not be able to accommodate another 10%, 15% of business and we grow full capacity because during operations in a plant, it so happens that sometimes with some extra shift, with some small...

Jayesh Shah: Yes, with some debottlenecking. Yes.

Suparna Bhattacharyya: Etcetera we are able to generate some additional -- marginally additional volume also. So there's nothing which -- right now from our capacity utilization point, there's no bottleneck. And in any case, the lines will be ready in different points of time. So right now, difficult to say and that is also -- what will be the asset turnover, that's also difficult to say at the moment.

Jayesh Shah: But over 3 years, can we look at something like doubling or tripling the theoretical level of operations?

Suparna Bhattacharyya: Sorry, we can't comment on that.

Jayesh Shah: Okay, I'll reach out to you separately.

Suparna Bhattacharyya: Okay.

Moderator: The next question is from the line of Anoop Vyod from Hedge Equities.

Anoop Vyod: I would like to know, as you have already said, you have been focusing on the good orders with good margin and quality payment. So by what time we can expect the improvement in margin? Can I get an idea about that?

Udai Singh: See, primarily, what we are trying to see and explore and really work on those set of parties with which we are guaranteed for payments. And of course, where we get an opportunity to showcase some technological advantage which we bring to the market. And three, if it is strategic in nature to really showcase the technology, which is aligned to India needs.

Now the margin is always a mix, as you will appreciate, is which line are you making? What is the product mix? How much are services? How much is transactional? How much is equipment? How much are projects. And therefore, it is very difficult to comment because quarter-on-quarter, at times, these components and these constituents changes.

But on an overall thing, we -- when I said we are chasing the right orders, I meant these qualifying criteria. And two is we are always looking for a right product mix so that we are able to sustain and keep definitive growth in the margins, which we have been previously delivering on that level.

Anoop Vyod: Okay. Yes. And is there any cadence on the capex going forward?

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Udai Singh: Yes, we have announced to SEBI. It's actually been released and is available on the site. We can separately reach out to you if you so need.

Moderator: Due to time constraints, that was the last question. I now hand the conference over to Mr. Harshit Kapadia for his closing comments. Over to you, sir.

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

Udai Singh: No, I just would like to thank all of you and really having faith in us, having us move where we have reached till now, I can assure that the management has been taking all efforts to really drive this business. And have a great day. Thank you so much.

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

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