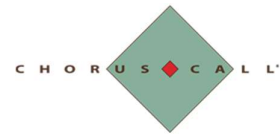


“Schneider Electric Infrastructure Limited
Q3 and 9M FY 2024 Results Conference Call”

February 09, 2024



MANAGEMENT: **MR. UDAI SINGH -- MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED**
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MODERATOR: **MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Schneider Electric Infrastructure Q3 FY '24 Results 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 star then zero 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, Viren. Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY '24 and 9-month FY '24 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; Ms. 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: Thank you so very much, Harshit. And a very warm welcome, and thank you so much to all the investors who actually are trying to -- who have gone through the Q3 results, which we have published just yesterday. Thank you for being here with us, and I would like to take your attention to the presentation -- a brief presentation, which I'm sure you must have gone through. And I'll go slide by slide so that you can relate to it. And in case you have some questions around it, you can certainly take it towards us.

Now if you turn to Slide 2, which actually just talks about what your company vision is and what is the mission which we are trying to drive. Just to reiterate that: we are leading the new digitalized world by offering our customers and partners alike a set of innovative connected products and solutions, which are, therefore, ready for then power distribution's elevated expectations of our stakeholder. Now how we do this?

We are doing this by our balanced business model, superior quality and efficient supply chain, keeping our growth and profitability resilient and sustainable. And we are -- at the core, we have a mission to be a digital partner for sustainability and efficiency for all people with whom we engage with, with our customers or our vendors or any of our partners. And we strongly believe that life is on everywhere for everyone at every moment.

Just wanted to share about the DistribuELEC event, which is a large -- I think the largest event which is actually held in India, organized by IEEMA, which are the manufacturing association of electrical and electronics manufacturers, which we had sometime in mid-Jan '24.

And this went out very well, just to tell you the good news, the amount of people who actually turned up into the stall, the way they were excited about what we displayed and the way we saw -- the interest which we could evoke positively amongst these people who were set of guys who

are going to buy equipment from us, who were set of people who were the policymakers, they were set of the people who were the industry experts, so all of these set of people, which we actually very positively engaged with them and try to showcase as to what our digital -- entire powertrain solution we could offer.

Just to give an impact perspective. We had about 700-plus registrations. We had about 200 unique organizations who visit us during the 2.5, 3 days. We had a couple of sessions, which we organized -- which we have thought leadership sessions, which we organize from Schneider side, where we actually told the industry stakeholders as to what we can do in terms of transforming the energy distribution more sustainably, what we can do to maintain projects which are greenfield or perhaps something which is already lying at site, which are brownfield, and we could generate a substantial pipeline as well.

Now at the same time, I'm so happy to also share with you about the recognition and awards which your company has been actually conferred with. We have been -- all the work which we do at our manufacturing sites have been winning awards at the quality chapters at major locations, whether it was in Baroda or in Calcutta.

And not only this, we are also being recognized and appreciated and rewarded by our certain key business associates by winning awards in Delhi, in Odisha and in other places around the world, around pan-India.

Now I would also now just to tell you as to under the backdrop of the recent announcement by the Finance Minister, Mrs. Nirmala, and how we see the outlook opening up for us, the interim budget, as all of you are aware, is talking about a historical high CapEx budget to boost the economy. We're talking about INR11.1 lakh crores being infused.

We are talking about growth in mobility. We are talking about boost in infrastructure, roads, railways, and especially a focus on the EV side. We are talking about our plan of becoming net zero by 2070 and what we need to do in renewable space till 2030. I think you are aware, we are trying to be a 500-giga country by then. We are trying to see as to how do we support the boost which you saw and a special incentive program and other things which we are trying to do in steel and cement sectors.

While GDP stays healthy, we all know, say 7.5%-plus, and the forecast also, you may be aware as to what is coming up for this fiscal and the fiscal ahead of us, we typically monitor as to how the GFCF, which is nothing but gross fixed capital formation, is actually moving. That is also positive. It grew by about 11% last quarter. And basically, it came up by the government investment in sectors of railway, power and grid, what they did in smart cities, ports, railway logistics and all that.

And we are also tracking how the IIP, which is nothing but the index of industrial production, how does it move. And as you know, there are multiple segment sectors, which are getting tracked. The relevant ones for us is on electricity, which actually has been growing well. In fact, it was 7.6%, and that is the one which is going to be driving next quarter also as we see.

If you talk about -- just to give you a brief on the segment trends, and this is why I'm talking about, this you'll find on Slide number 3, if I may say. It's the primary segments, which are around, which are power and grid; MMM, which is metals, minerals and mining; talk about mobility, which encompasses things like what automobile company are doing, what EV manufacturer is doing, what battery set of people are doing, then semiconductors, the data centers and the usual industry and building space which we work.

If you -- I'm sure you must have got a look -- I mean, time to have a look at these things, which we actually populated and which overall, if I may tell you that we are at the right spot at the right time, and people are looking up for infusing capital and supporting the India growth. And we, in our different set of offers and solutions which we have for different segments, we are trying to leverage by adding value to our esteemed customers. So net-net, trend is positive.

Now what it's also supported, I'm so happy to share, that your company in this quarter which we just ended, actually had good win around -- which are, I would say, all around wins in spaces of semiconductors, in the spaces of renewables, in the spaces of the DISCOMs, whether -- in the space of, say pharmaceuticals, in space of cement, in the space of data centers and also in the space of, again, cement. So these are the few big wins which we actually could get -- your company could get in, I would say, in this quarter, we just got by, is Q3.

And happy to share that these are the solutions which we have proposed, which are digitalized. And when I say digitalized, it is something which customers has appreciated because he can then differentiate as to what solution your company is able to bring up to them, which will add value while they run the equipment. And all of this, which actually you must have read about, which you are there in Slide number 5, 6, 7, 8 is talking about as to what we are trying to do and what we have done.

Now with all this, I'm so happy to also tell you about something new, which we have done, which is actually you need to go to Slide number 13, which is titled as EcoCare. Now EcoCare is something I would like to share with you very happily as to what this offer is.

This offer is something which is aimed at customer ease and customer benefit. It comes as a subscription model. It comes as 3 different value-added packs. If you see, there are 3 boxes which you might have seen in the slide. It comes as something which we call as Essential, it comes as something which gets added to it, then it becomes Advanced. And the last page for our consumers who want to make the most out of this offer is something which we call as EcoCare+ Advanced.

Now what it typically brings in? It typically brings in the online condition monitor of the asset, which we're trying to run; the maintenance indexes; the health indexes; a set of advisory; a set of support which they may need to run and make the operation seamless. So this is something we just launched at the start of this quarter. I'm happy to share that we have actually got successes, which are more than 10 in numbers in just these 90 days.

Now I would also try to now I'll hand over to my colleague, Suparna, who is CFO of your company to take you through as to how our financial performance has been in this quarter. Over to you, Suparna.

Suparna Bhattacharyya: Thank you, Udai. Good afternoon, everyone. You have all heard of the good perspective of business from Udai in the last couple of minutes and how we are trying to do things differently and take your company to greater heights to have a profitable and sustainable business.

So with those words, I'm pleased to share the financial results of your company. And to begin with, we have the orders, which is on Page number 15. So quarter 3 showed a good momentum that we have gathered in the orders. We are at INR419.8 crores, which is 34.5% over and above the similar period of last year. At the 9-month level, we are at INR1,358.6 crores, which is 38.8% over and above 9 months period of the preceding year.

Overall, very good momentum in orders, which are driven by the P&G segment, Mobility and other electrosensitive segments. This good momentum in orders are -- were done to partially take care of the economic disruption, which we are expecting during the election. And as you know, that we do have a turnaround time for this kind of business, it's always good to have some orders in advance so that our future is at least partially secured.

Going on to the next slide, which talks about sales. Quarter 3, we were at 29.5% over and above similar period of last year. We closed quarter 3 at INR743.9 crores, which is a significant hike over last year numbers. The same quarter 3 numbers reflect in the 9-month numbers as well. We closed our sales at INR1,734.9 crores, which is 26.9% over and above last year. So similarly, the good momentum in sales also comes from the P&G, MMM, Mobility and other electrosensitive segment.

Over to the next slide, Page 17, which talks about the P&L for 3 months. So we already discussed about sales, which is 29.5% over and above last year. Our gross margins have improved by 5.8 points, and this typically comes from the product mix and the raw material price stabilization which has -- from which your company has benefited.

Employee costs and other expenses, yes, there is a rise, but a lot of it is related to the volume increase and some kind of risk coverages, etcetera, that we have done to take care of the numbers of the company. Depreciation, not much different, there were small additions done in the capex.

EBITA was INR106.3 crores, again 4.4 points over and above last year. PBT is INR94 crores, 5.1 points over and above last year, PAT, 5.1 points again at INR94 crores. We had no exceptional items. However, we had some additional increase coming as current tax and the deferred tax. And our PAT is at INR91 crores, which is 4.7 points over and above last year same quarter. And we also did some entry in the other comprehensive line item, which finally gave us an income of INR72.8 crores.

So going on to the next slide, which is again a reflection of this into the 9-month numbers. Sales growing at 26.9%. Again, we have grown quarter-on-quarter. And also, we see the impact of the product mix and the raw material price stability.

Employee costs increased mostly related to the volume increase. Other expenses, again, which are coming directly from the increase in the volume. Depreciation, nothing significant. Interest expenses reduction, because we have optimized our loans and due to better cash management during these months and that's where we can see that benefit.

Exceptional items, again, the same. I mean, we had some restructuring expenses. The PBT is at INR171.7 crores, which is 4.1 points over and above similar period of last year. Again, the current tax, deferred tax and other comprehensive income is what has come out of the last -- current quarter for which we are sharing the results.

Thank you again for all your support, and this is definitely a very historic quarter, and we hope for good growth and sustainability in the quarters to come. Thank you.

Moderator: We have our first question from the line of Sanjaya Satapathy from Ampersand Capital.

Sanjaya Satapathy: Congratulations on good set of numbers. Sir, just 2 quick questions. One is that your order inflow growth is pretty strong. But the absolute quantity of order inflow for this quarter is lower than the September quarter. Is there anything to read there?

Udai Singh: Thank you so very much for asking and appreciating about what we have been doing for the company. And if I may see, there's nothing unusual around this because what happens is typically, the order intake is not quarter-dependent. And the sales are typically sometimes it becomes quarter-dependent.

So the leverage which we are seeking on a quarter basis, you may find it slightly, I would say, is catching your eyes. But otherwise, if you look at the full year, it will be normalized. It's something that is just the time effect. There's nothing -- this is the usual thing which typically happens in project business.

Sanjaya Satapathy: Sir, you typically disclose this order inflow from non-Schneider entities. So I'm assuming that the trend of demand is similar for both the Schneider as well as -- for the group entity as well as outside?

Udai Singh: Yes.

Sanjaya Satapathy: There is a bit slight amount of erosion on a sequential basis in gross margin, and I guess, it could be because of the product mix. But I also see that your gross margin is fairly healthy in the sense that it is kind of one of the highest when I compare to other transformer and city related kind of competition, but your EBITDA margin is still far below them.

Is there an aspiration of reaching out -- reaching a much higher level of EBITDA margin than what we have now? I'm asking it also in the context that you are making some major hires in terms of your management team. So further the margin expansion or the top line growth, what really is going to be a big priority from hereon?

Suparna Bhattacharyya: So the priority will be a mix of both. While we are fully focused on the top line, expense optimization is also something which is in our focus, and that cannot be overlooked. So it has to be the right balance of both the parameters.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: Sir, I just have 1 question. In your inflow or revenue, whichever way you want to put up, let's say, in your revenue, how much of the business comes from the distribution infrastructure put up by Power Grid or state DISCOMs?

Udai Singh: That typically stays about 45%, 55%, depending on cyclic nature, but typically, we get -- which is getting end use for these set of utilities -- we can say about 50%-or-so.

Pritesh Chheda: Okay. So from your presentation, it's fair to conclude that the other 50 is basically the Mobility part, the industrial -- industry part, the other 4, 5 -- out of the other 5, 4 segments that you have mentioned, which is metals and mining, mobility, cloud service provider, industry and building?

Udai Singh: Almost yes, you're right.

Pritesh Chheda: Okay. And from the growth perspective, let's say, the top line growth perspective, or even the inflow growth perspective of plus 30%, top line growth perspective of about 25% to 30%. Any segment or let's say, the distribution and non-distribution they both grow equally? Or there's any differences in growth that you observe?

Udai Singh: See, if you ask me, all of these engines are firing. Now they are firing at times with different, I would say, velocities and they are firing at different points in time. Now we typically ask whether it is data center growing more or is the RDSS scheme will give us more? There is no straight answer, but what I can perhaps confide in you is that these all are going up. And we are trying to see as to -- we can't be there everywhere.

We have one -- we are trying to be at places where we can really add value to our customers, try to help them out not only in putting up the capacities, but also eventually running it up. And so, I mean, there's no straight answer that the data center is growing at 7% and Power and Grid is growing at 11%, it is not. It's very cyclical.

Pritesh Chheda: Okay. And just on the growth part. It was a decade where growth was not visible for us and for a lot of other players. We see the growth cycle beginning from FY '22. So that was the first year where you delivered double-digit growth. Do you see a scenario where the 3, 4 years of growth momentum, considering whatever data points you see, considering the demand activity, the interest activity is here to stay?

Udai Singh: I would not be the right person to comment, but then whether is it double digit or is it high double digit or is a low double-digit is something which we all need to wait and watch. But what -- the general environment is that, yes, we are aiming for a conducive growth and a very inclusive and sustainable growth for all our customers who are there for us, and they are going to be in all the segments as you have raised the question lastly.

I believe that Indian economy is -- we all know is inching fast, and we have actually been leaving behind certain other economies who actually were larger than us. And we have -- the government has a very inclusive and very defined plan. It all depends as to how does that unfold and what are the conducive policies which government rolls it out so that it helps everyone alike, be it the guy who is developing, be it the guy who's owning, be it the people who are supplying and commissioning.

So that is what we expect. And what I can perhaps say that Government of India is pretty much working on this. And we are very hopeful that conducive policies and that sort of framework will come out very soon in the areas where it has not come out till now.

Pritesh Chheda: Okay. Can I ask 1 more, yes?

Udai Singh: Yes, so we're all sitting here for you, sir.

Pritesh Chheda: Okay. So the last question is, considering the activity in the system, out of the whatever orders that you see, how many do you bid for? And how many -- what is the win ratio? So first of all, what is the bid ratio? So if there are 100 orders in the system, what number of orders you bid for and out of that, what would be your win ratio?

Udai Singh: See, it's a very difficult question because our success typically depends on what is the segment we are talking about, what sort of competition is the buyer accepting, what is the value add which we are trying to bring, is it a niche space and whether the proposal, whether -- is it -- are we aligned -- do we -- is it a very fully commoditized stuff.

So it will be very difficult, if I may tell you, to tell you whether we are at X percent or Y percent. But I would say that all of our efforts are there so that whatever resources we engage in pre-order are usually fruitful. That is our ambition, that is our target which we are trying to drive.

But if you ask me whether, tell me, Udai, whether X or Y? That will be difficult to say because it all depends. It's very situation-specific, segment-specific, opportunity-specific, offer-specific. So it is -- I mean that complex empirical formula I'll not be able to derive and tell you, but I mean...

Suparna Bhattacharyya: And also our appetite, maybe, at that point in time.

Moderator: The next question is from the line of Manish Goyal from Thinkwise Wealth Managers.

Manish Goyal: Yes. Heartily congratulations on excellent performance, sir. Sir, I have a few questions, please bear with me. One is on the -- if you can please provide us what is the status on our new facility for Vacuum Interrupters which we are setting up in Kolkata? When do you expect it to go live?

And also related is that probably even now Siemens has announced a similar product facility. So do you see competition intensity increasing for that in India or the large part of the production will be earmarked for exports as mentioned earlier? That is the first question, yes, sir.

Udai Singh: See, first of all, thank you so very much for appreciating us for what we could do in this quarter. You see, Calcutta facility is actually on track. It's been -- we are perhaps, if I may -- I will not be wrong if we say that we are moving a shade early than what we had thought.

And as regards to your comment about our peer company, I would not be in a position to actually do any comment about it. But what I say that each company has got some ambition, some business case which actually led to that investment, which we are trying to do.

And it is a mix for us in our case to serve Indian supplies as well as how do we do to export out of this a very heavily digitalized state-of-the-art facility, which is going to be coming up as per the plan sometime later in 2024 or early '25 or something is what we are trying to do.

Manish Goyal: Yes, sir, sorry, you intend to start the production in the quarter 1 of the calendar year next year or Q4 of this calendar?

Suparna Bhattacharyya: Sometime around that period.

Manish Goyal: Sure. And also like if you can probably give us a perspective as to within our product categories of transformers, power transformers and switchgears, how is the growth? And maybe if you can give us a broad perspective in the revenue share and the growth for product categories?

Udai Singh: I did not get the question very well, but I'll try to answer.

Manish Goyal: No, I'm trying to ask that basically, if you want to break up our revenues for, say, first 9 months maybe how much is it from -- coming from transformers, what is the kind of growth we are seeing there and from switchgears and other product categories?

Udai Singh: See, these 2 are very established industries, whether you speak about medium voltage equipment or when we speak about transformers. Transformer, as you whole, if you go on 2 sites and especially the one which is managed by IEEMA itself, they specify a size of transformer. And when you go deeper into transformer, there are a variety of transformers.

So when I say a variety of transformers, I say the transformers which are now being required for the upcoming solar segments, which are inverter-duty transformers. They are transformers, which are of -- which are distribution transformers typically less than 2MVA or 3MVA or things like this. We have large power transformers, which are higher than 5MVA. There's another variation where -- which we are trying to propose is not to use the normal oil, use the veg oil transformer, which we call ester oil transformers.

But if you ask me, overall, the growth is typically blended. And you will find that the higher transformers are growing at A pace. The ones which are required for solar are growing at B pace, B pace is higher than A pace. And things are different. But if you typically see, the usual growth which we see is something similar to the way GDP grows, something similar to that, you can relate it to it. So maybe if GDP is 7%, it is 7% plus/minus 2%.

Manish Goyal: Sure. No, what I was trying to understand is that the strong growth is largely driven by only transformers or it is also coming from switchgears as well?

- Udai Singh:** No, it does come from both, sir.
- Manish Goyal:** Okay. And sir, like maybe always, I probably look for a breakup of revenues and order inflow and what is our current order book, pending order book and the breakup of that. And I request, sir, is it possible to share these data points in our presentation because most of the peers do share it in their presentation. So it becomes convenient to kind of analyze much earlier than the call.
- Udai Singh:** Yes, we will try to do so. I am looking up to my colleague, Suparna, who will take this question any which way just to give you the split which we have actually seen in this quarter and this year this far, and Suparna, over to you.
- Suparna Bhattacharyya:** Yes. The backlog as on 31st December 2023 is something close to INR1,010 crores. So that's quite a comfortable number for us to achieve our deliverables in the year -- in the months to come. The orders have really grown, so it's quite a comfortable number for us.
- Manish Goyal:** Right. And maybe if you can give us, in order inflow, what was the IG order inflow and maybe the breakup between systems, equipments, product and services, similarly for revenue as well, IG and other category, please?
- Suparna Bhattacharyya:** Please give us a few seconds.
- Manish Goyal:** Sure.
- Suparna Bhattacharyya:** So the IG orders were INR120 crores as we closed the year. And the split between equipment, projects, transaction and services are 40%, 21%, 24% and 15%.
- Manish Goyal:** This is for order inflow, right, ma'am?
- Suparna Bhattacharyya:** Yes.
- Manish Goyal:** Okay. And if you can please give us revenue breakup as well, how much was IG revenue and among the systems and transactional and services?
- Suparna Bhattacharyya:** So just give us a minute, please. So our breakup of sales for the INR743.9 crores was, the breakup is 67% for systems, 21% for transaction, 12% for services. And for the IG, it was 16% for -- IG was total 16% in this, out of which equipment was 40% and project 11%.
- Manish Goyal:** Okay. So...
- Udai Singh:** Just to add to what Suparna said...
- Moderator:** Sorry to interrupt, Mr. Manish, I would request you to return to the question queue for follow-up.
- Manish Goyal:** Yes. sure. I'm just completing that -- clarifying, the revenue share from the services was how much, ma'am? Sorry, I missed that.
- Suparna Bhattacharyya:** Services was 12%.

- Manish Goyal:** Sure. Sure. And also last question on the other expenses, which probably have seen a much larger jump than the revenue growth of 30%. Other expenses have grown -- has increased by 54%. So anything in particular in terms of we should understand because a lot of improvement in the gross margin partly is being taken over by jump in the other expense. So anything onetime or how do we see this?
- Suparna Bhattacharyya:** There was no onetime hit as such, but a lot of it was volume driven in terms of percentage of sales. There isn't a huge difference because last year, for similar quarter, it was 8.8% and 10.4% for this. So that way, not huge difference. But yes, lot of the expenses were volume-driven. And as also I mentioned that we did a bit of risk coverage as far as -- with respect to prudent accounting practices.
- Moderator:** The next question is from the line of Raj Rishi from Development Consultants Private Limited.
- Raj Rishi:** We keep on hearing about this potential for energy transition and what kind of outlay it takes -- it entails, like it's like some trillions of dollars as far as India is concerned over the next, say, decade or so and maybe more going to 2050, 2070.
- So the perspective is Schneider, the way it presents itself globally and in India, it should be a leading light in this whole energy transition thing, right? So can we expect like massive quantum leap as far as the business is concerned, given the perceived opportunity?
- Udai Singh:** You're right. I think you just hit the nail. So what we are trying to do, you're absolutely right, and that is what if you hear what comes out from Ministry of Power. This is something -- this is a space where Schneider is strong. We are trying to see as to how do we tell, convince, drive, make it happen in India also. And it is -- the good news is that now, I would say, the users are sensitive around this. They've actually realized that this actually helps.
- And just to tell you, for example, you touched about it. When we are talking about so much of solar, we are talking about managing bidirectional flow, if you just heard on -- early in the month by the Finance Minister also, there is an opportunity in front of us, which we are trying to see, we have all the right solutions, which are getting to different scale. That is what we are trying to drive.
- And especially, we are trying to -- not only -- all this, we are not trying to do just to get the numbers. We are trying to do because we are supporting, and we are aligned to where India would be in coming years. And it may give results now, it may give results later, but it is our, I would say, responsibility as an Indian company to actually tell as to what better can be done in this space and which we are working on it, let me tell you -- share you that.
- Raj Rishi:** Okay. And like Schneider, the listed entity, would have how much percentage exposure to the global business? Like let's say the global business is 100, and that is represented in India with, say, 5 entities, 1 of which is Schneider, the listed one. How much percentage of that global business is in this listed entity? If you can just help us understand.
- Suparna Bhattacharyya:** We do not have those statistics with us. Yes.

- Raj Rishi:** Okay. But like some sort of figure, is it...
- Suparna Bhattacharyya:** No, difficult to, difficult to comment on this.
- Raj Rishi:** And in a previous call, maybe 2 or 3, some call -- some previous call, it was mentioned that Schneider had taken over some other entity, which has a presence in India. And there was a talk of merging it with a listed entity because the line of business is similar or same. So any comment on that?
- Suparna Bhattacharyya:** We cannot comment on this piece of information.
- Moderator:** The next question is from the line of Viraj from Jupiter Financial.
- Viraj:** Congratulations for the outstanding number to the Schneider team. My question is regarding this EcoCare, is it a part of EcoStruxure? Can you give some color in terms of the growth, margins and what holds for it in the future, if you can?
- Udai Singh:** So first of all, thank you so much for appreciation. And second is, EcoStruxure is a family which has multiple stacks around it. It has got items which are physically and tangibly connected, which are intelligent. There's another layer which actually connects and collects data from this intelligently connected widespread installation. And then, of course, we have a third layer, which is a software layer, which speaks about what do we do meaningful to drive for customer advantage using this connected pieces.
- So this entire layer, 3-layer family or solutions is what we typically call as EcoStruxure. Now we have different platforms under EcoStruxure. We have platforms which are good for any manufacturing side. We have platforms which are good for any power distribution side. We have platforms which are good for, say, buildings. We have platforms which are good for multiple industries and things like this.
- Now what EcoCare does, just to try to see -- eco is common, of course, EcoCare is a subscription program, is a subscription program which is what we are trying to do for items which are either connected or can be connected. We are trying to roll out this subscription model for our customers who will actually engage subscribing to this program, and they get multifaceted benefit depending on which program they prescribe to. So it is actually leveraging the EcoStruxure strength and delivering something which is a subscription model of services.
- Viraj:** Yes. So what would be the growth prospects? Like any color on that? Is the margins -- it's a part of the service, so is the margins be better in this?
- Udai Singh:** I would -- I'm tempted to say yes.
- Viraj:** Okay. Sir, my next question is on Mobility. Can you -- I mean, I hear a lot about, lot of semicons, lot of companies interested in putting semicon plant in India, lot of EV, this infrastructure is developing there. So what role do we have in that space? Like what do we provide?
- Udai Singh:** Sir, you are right, because we have been hearing a lot many announcements around this. You speak about what Foxconn is doing, what Micron is doing, what AMD is doing. We expect --

typically, the way we see it, we see investment of, say, about INR60,000 crores to INR70,000 crores in the coming 5 years. We talk about batteries, you saw what happened, there is a push to do and provide and develop and establish an EV infrastructure around public utilities.

And I'm sure you must have seen as to what FAME III, which didn't come, actually is being talked about. I see government push not only being driven to private usages, but also they are now focusing on developing EV infrastructure for fleets, for example. And to have that, we have huge investment, as you may be aware, coming in the battery manufacturing.

We are talking about a similar investment in battery manufacturing also, we talk maybe about INR35,000 crores, INR40,000 crores till '27, '28. And while like, for example, you must have seen Tata Group announcing INR13,000 crores plant in Gujarat. We have the IBC announcing something in South India.

So we do have -- and what we -- just to answer you that we see investment coming in. We see PLI scheme being rolled out. We -- and then what we have to do is we have a full range of solution. When I say a full range of solutions, it essentially talks about the entire solution, which is there for a setup.

For example, when someone is making a semicon plant, what we can do right from the time he receives raw material, various processes of making chips, fibers and consolidating it, what we can do in terms of giving equipment and also loaded with software, which can help him to drive his throughput with more efficiency and with more sustainability.

When I say sustainability I talk about by emitting lesser GHGs. So we have solutions around this just to tell you on each of these segments space, which are different, and they are attuned to what that particular segment player may actually require.

And you speak about battery manufacturing, what we can do in terms of tracking, what can we do in terms of when -- you know for this, for sure that there are kids which are coming and people not only are -- they are making packs out of it, so what do we do in terms of relieving them of what they are actually experiencing pain in delivering, what they actually put up the plant and infuse capital is what we have solutions around this or all of them.

So now it actually depends on at what pace the plant which is being thought of is getting rolled out, how good and how effective are the policies around this to make it happen. And because you know that these are very capillary intensive plants and how quickly the churn out of those execution happen and where we can support.

But we have solutions, as and when -- and we are -- just to tell you, we are connected with these set of people who are trying to put up this infrastructure in India and we are trying to see as to what value add we can bring to these people when they put up these sites.

Viraj:

Sir, suppose the opportunity size is 100 in this sector, what will be our share would be in terms of -- like what is our addressable market would be, sir?

Udai Singh: So it's actually, again, a question which some -- I think 1 of you asked earlier on about the ratio of which cases we win, it's difficult to quantify, sir. Because why I'm saying there are a certain set of people who actually have got -- suppose they want to put up 10 facilities in a plant, a similar one who's actually making a similar plant doesn't want to put up 10 facilities, he's happy with 7.

So it is very difficult to quantify as what you were asking, if someone is putting INR100, whether it's INR10 for Schneider or whether INR7 for Schneider or INR13 for Schneider? It actually depends on what appetite the user has and what -- to what level does he want to roll out that in Phase 1 or is planning something in Phase 2 when the Phase 1 stabilizes? So it's difficult to quantify. I will not be able to give you a straight 1 number that you put 100, it means X for Schneider Electric.

Viraj: Okay. And sir, my last question is the momentum looks strong, right, given this kind of a capex environment. So what's your feeling as the momentum in the industry?

Udai Singh: I echo you, sir. It looks strong.

Moderator: The next question is from the line of Naysar Parikh from Native Capital.

Naysar Parikh: Congratulations on the strong set of numbers. I have a couple of questions. The first one is just if you can help us understand what is the share of renewable energy projects that you are doing in your power segment? So directionally, what is the...

Udai Singh: We are not ready as of the number, but now if you really ask me as to what has been the renewable supply which we have made, but let me tell you that it actually keep on appearing. We are very actively pursuing this and a sizable, an appreciable pie of what we do is into renewable space. So while I'll not be in a portion to tell you the number right away, but then yes, it's not miniscule.

Naysar Parikh: And second is earlier you used to give in your presentation, your partner network and how is that growing, which slide is not there. So can you just talk a bit about what percentage of your revenue or something is from your partner networks and how is that doing?

Udai Singh: Actually, it's something good you ask, that is something which is close to us, which we are trying to do. We have been working well in the direction which we thought in terms of partnerization. And the basic idea, typically, as you may be aware, is how do we catch up to the growing requirements of the DISCOMs.

And we are trying to see as to how do we grow the transaction what we call at a much faster pace than what we are growing otherwise. And we actually have been on the right track there. So just to give you that comfort, we are typically growing at maybe about, I would say, more than 20x -- 20% more than the usual flow is what we are trying to do.

Naysar Parikh: And last one was on the transformer side and everything, there seems to be increased competition even from, obviously, some larger players, but even from various smaller players and then many capacities, etcetera, also being put up. So how are you seeing the market today? Are you seeing

increased competition? Are you seeing any pressure on the -- when you are bidding in terms of your win rates or pricing or something like that, if you can give some directional view?

Udai Singh:

See, you're absolutely right because when India grows, India grows for everybody. And there are so many people who have ambitions to be in this space and we know them and we are aware. But what we are also aware is there are a certain set of users who are looking for something which stays sustainable, which doesn't go for shutdowns where whatever is committed stays delivered.

And we are able till now -- to tell you the good news, that we are able to find our set of customers who are not just running after the cost of putting up a plant, but they are also worried about how do we make it run 20 years in a row after they commission without any problem. So -- and there are certain set of people, this space is large as I think in the beginning we did mention.

We're talking about a large market for transformers, distributed into various varieties, and we are focusing on those set of people who actually -- who appreciate what we do for them. And we are seeing good traction there. So for us, as an industry as a whole, what you said is absolutely right. For a set of people with whom we work with, we don't see a problem.

Naysar Parikh:

Got it. And last question.

Moderator:

Mr. Naysar, I'm sorry to interrupt, may I request that you return to the question queue for follow-up questions.

Naysar Parikh:

Okay. Sure.

Moderator:

The next question is from the line of Mohit Kumar from ICICI Securities Limited.

Mohit Kumar:

Congratulations on a good set of numbers. Sir, my first question is, sir, on the -- what is the voltage range of transformers and switchgears you operate in? Is it fair to assume that we operate in 11 to 66 kV range? And the other question is what's the market share in transformer if you can give it out?

Udai Singh:

So we -- in the equipment space, we operate up to 33 kV in India. And this includes the air insulated range and state-of-the-art gas insulated range, and we also have products which are gas-free. And the transformers, we do not have higher class. We don't have -- we are not into 220 kV class. We are actually up to 132 kV class.

And second question was, I think you were asking about the number, which is transformer. I think if I got that question right was...

Mohit Kumar:

Can I rephrase, sir? Sir, is it possible to give our market share in inverter duty transformers?

Udai Singh:

Difficult, sir, because we don't want to quote you a number which we are not very confident with and we are working. But let me tell you that we are seeing this growing opportunity with lot of seriousness and cadence. And we are seeing as to how do we make some value adds coming up with all those set of people who are trying to put up solar plants in India. So -- but if

you ask me, our share as regards to the overall number in this inverter duty range, I will not be able to comment right away on that.

Mohit Kumar: My second question is, sir, how...

Moderator: Mr. Mohit, I'm sorry to interrupt, may I request that you return to the question queue.

Mohit Kumar: Sure.

Moderator: The next question is from the line of Jishan Singhi from Arjuna Research and Analytics.

Jishan Singhi: Congratulations for the good set of numbers. I would like to ask what is your unique USP in this competitive landscape that differentiates you from your peers like ABB India and Siemens?

Udai Singh: Sir, just 1 word, Schneider promise.

Jishan Singhi: Can you please repeat?

Udai Singh: There's just 1 word, sir, our promise and that our promise will be to bring to our customer a right solution, which is the latest technology, consistent quality and super support when he's running the plant. This is the 3 pillars of Schneider promise, and this is why we are known, and this is why we are getting appreciated and reckoned with. Just 1 word, sir. And thank you for asking this question, sir.

Jishan Singhi: Okay. And another question I would like to ask that what are your opportunities in the service and transformer segment, like you mentioned?

Udai Singh: See, if you ask me, transformer is something which usually doesn't go wrong and -- unless until it is abused or not maintained. So we have now services, which we are trying to work, whether in the installed places, what we can do in terms of digitalizing and sensorising so that they can hit the heart of the transformer.

So if you are running a transformer, it is sort of a black box. So what do we do so that you can peep inside and see as to what's going on inside. And that is something which is a services platform of transformer is what we are offering to customers. And if you see the orders which we just -- I just shared in the beginning about the EcoCare, which I said 10-plus successes we have seen in just 90 days, a lot many of them have been on the transformer side.

Jishan Singhi: Okay. And sorry, sir, I would like to -- can you repeat..

Moderator: I'm sorry to interrupt. May I request that you return to the question queue for follow-up questions.

Jishan Singhi: Okay.

Moderator: The next question is from the line of Abhineet Anand from 3P Investment Managers.

- Abhineet Anand:** Just trying to understand your systems is around 65%, followed by transaction, which is 20%-odd, plus services, 10%, 15%. The transformer and switchgear part comes in the systems, right? System is basically the equipment and project part, right?
- Udai Singh:** Yes.
- Abhineet Anand:** So if I am -- if you can help us, I mean, very broadly, what proportion of the sales comes from transformer and switchgear. It will vary, I understand year-to-year rather, but a very broad number is also work.
- Udai Singh:** So if you ask me, well, I think the definition which you said is right, that is how this thing works. And transformer, that also is right that when you said that this will typically vary. But you can say about 1/3 of business is actually -- is from the transformer side.
- Abhineet Anand:** And switchgear, sir?
- Udai Singh:** Switchgear would be -- if you leave apart -- so it depends on how you classify switchgear. Because what we sell in transaction that also is switchgear. What we sell directly, that also is switchgear. So primarily, if you want to split, as I think my colleague, Suparna, said on earlier, if you leave about 12%, 13%, 14%, which are services, the rest all are equipment and which is getting achieved directly or indirectly. So this 30%, typically 1/3 will be the transformer side.
- Abhineet Anand:** 30% of the overall thing, overall revenue, right?
- Udai Singh:** Yes, typically and generally speaking, yes.
- Abhineet Anand:** And if I might just -- ma'am told about the order book at the end of this quarter, which was INR1,010 crores. Possible to get for last year 9 months, at the end of 9 months?
- Suparna Bhattacharyya:** Yes, just a minute. It was INR817 crores precisely.
- Udai Singh:** We grew by about 24%, 25% on order book for 9 months...
- Suparna Bhattacharyya:** Thank you so much. Just 1 point that we want to make. In the results slide for 9 months, the first 2 columns pertain to '24 and the next 2 columns pertain to '23. There has been a typo, please take note.
- Moderator:** Due to time constraint, that was the last question for today. I would now like to hand the conference over to Harshit Kapadia. Thank you, and over to you, sir.
- Harshit Kapadia:** Thank you, Viren. We would like to thank the management of Schneider Electric Infra for giving us an opportunity to host this call. But I'd also like to thank all investors and analysts for joining for this call. Any closing remarks, Udai-sir, you want to?
- Udai Singh:** No, I thank you, Harshit, and thank you, all the people who actually can find time to hear out from us. And I also apologize of few questions we could not answer in the limited time which we had.

On an overall basis, we see good traction in coming times. We are trying to see as to how do we stay and maintain the pace which we have been able to get in recent quarters. And I'm sure with the effort which we are going to put all around and the confidence which you will pose on us we'll be able to do the same. Thank you so very much, and have a great day.

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

Udai Singh: Thank you so much.

Mohit Agarwal: Thank you.

Suparna Bhattacharyya: Thank you.