



“Schneider Electric Infrastructure Limited  
Q3 FY '25 Earnings Conference Call”  
February 11, 2025



**MANAGEMENT OF SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED**

**:** **MR. UDAI SINGH – MD & CEO**  
**MS. SUPARNA BHATTACHARYYA – CFO**  
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**MODERATOR:** **MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Schneider Electric Infrastructure Limited Q3 FY '25 Earnings Conference Call hosted by Elara Securities India 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 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 from Elara Securities. Thank you, and over to you, sir.

**Harshit Kapadia:** Hi. Good evening. Thank you, Manav. Good evening, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY '25 and 9-month FY '25 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 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, Harshit, and good evening, everybody, and thank you so much for joining in, in this afternoon. And I would like to -- I'm sure you have been able to go through whatever we uploaded, the results of the quarter, which went by. And I would like to take you through that, just to summarize as to how the quarter has been.

And just to reiterate, which I have been doing for a few quarters till the time I have been occupying this chair as to what your company is. We have a vision and a mission, which is very clear in our minds, vision of leading the new digitalized energy world, by offering our customers and partners the most innovative connected products and solutions, which are ready for the then emerging power distribution's elevated expectations.

Now we also have a vision of having a balanced business models, which delivers superior quality and efficient supply chain, which keeps the growth and profitability resilient and sustainable. And the mission, of course, to be a digital partner for sustainability and efficiency, and we believe Life is On everywhere, for everyone and at every moment.

At this point in time, I would like to take you to the slide number where we have been talking about the market outlook. We just went through the budget, which was delivered and stated by Honourable Finance Minister. If you look at this, there are a lot of positives as I would read it, if you go deeper by the line as to what's there for your company.

When I talk about numbers, we talk about a commitment of INR11.2 lakh crores in capital expenditure. We expect that the GDP growth will stay somewhat what it was, about 6.3% to 6.8%. And the good news is that we also are trying to curtail our fiscal deficit to roughly about 4.4%. And the budget, if I may rate it overall is actually, is fuelled by reforms with a very guiding

spread of how do we be more inclusive. And we drive towards being a Viksit Bharat in times to come.

Now what we have also done, if you would see, we have actually tried to break down up into five basic fundamental blocks. And these are relevant to your company. And if you see Power & Grid, and I will not take much time, because you may be aware about this. If you speak about Power & Grid, there is -- the Ministry of Power actually has a -- we are trying to -- they're trying to put up more and more effort embedded to solar.

As of last month, we are setting about -- if I'm not wrong, about close to 98 gigas of solar being done. We want to take it to 300-plus as per the ambition of the nation. And the good news and differentiating news is also the thought which government has put behind the nuclear.

Now if you see, we now have a very clear cut plan about making a nuclear nation of having about 100 gigawatts of nuclear by 2047. And it's not only that, it's also setting up another incentives or R&D allocation for developing the modular reactors and developing the micro reactors. Now this, as and when it comes, a positive steps taken by the government will actually, in fact, lead to a lot of positivity around companies like us, including us, of course.

The other programs, which are like INR600 crores being allocated for the green hydrogen under The National Hydrogen Mission and also the Green Corridors is something which also will fuel and it will be more conducive for actually solar development in the nation. Now there are certain focus areas, which we have been focusing, which are pretty futuristic in nature. And that's something which India can't ignore and should not ignore, I would say, is around the energy storage systems.

Now, this is going to be the future, because that was something which will be the call of the day as and when we have more and more renewables coming into play and when we talk about usage at micro grid. So, this is something which is one area, which is something, which we are focusing, and we are good at it.

Coming at Transport, just to tell you, we have Vande Bharat trains. We have Namo trains. We have a lot of urban rail network, which has been put up. In fact, we added 62 trains in '24. And we have, now have 136 trains which are running. And you would be proud to know that most of them, or rather all of them are being powered and managed by the locos which we make in our new company.

Another good thing which actually is a positive is about UDAN. Now if you see, we are talking about, in next 10 years, and I'm sure you guys are aware, the amount of air traffic the way it has been going up, you go to any flight at any point in time, fly any sector, that's 100% full. So we are trying to see as to the country envisages that in next 10 years, we need to have an infrastructure which can cater to about 4 crore passengers traveling.

That's a number which we are talking, which would also mean maybe enhancing the fleet which we have few x times and also talking about 120 new destinations, which will be rolled up as years go by. And all these investments do good for us, because we are good in airport -- good in

airport, good in driving sustainability at airports by our softwares and other solutions which we have around.

Now one important thing which I would like to call out is, is the development of the ports. And because the new ships will be built, the old ships will be repaired, rejuvenated, and government has this time also gone in terms of paving the duties on the raw materials which are required for these works. And this will perhaps propel the shipbuilding and ship rectification and rejuvenation activities, which are required for in futuristic movement and the strength which we will have in maritime area.

Now if you talk about Semicon & Data Center, I mean, there's a general knowledge that we are sitting at the cusp of data center, which would be greatly equal in India because of two reasons: one, the invent of AI; and two, the extensive usage of phones and the cost of data, which actually is available to Indian consumers.

Now there are people, there are government, there are hyperscalers, there are colos who are putting a facilities at breakneck speed, and we are there to support and make these data centers run with our solutions and equipment.

Now one good thing which has happened is -- if you noticed, is typically are in the areas of the customs duty again. We are talking about CleanTech Manufacturing. We are talking about the incentive schemes being rolled out to manufacturing of mobile. And now first time, India is talking about infusing INR500 crores into AI vision, which means it will all drives towards inclusive growth and that is the area where we can make an impact.

Now, if we speak about Infrastructure, there are good -- if you -- I'm sure you would have noticed there is one Urban Challenge Fund, which has been announced by government. I'm talking, in this budget, which talks about INR1 lakh crore being put in trying to make cities as growth hubs.

Now what does it mean? This means that, we will actually make cities as the growth hubs for India and exports. We need cities which are better equipped for Infrastructure, be it electricity, be it urban development in terms of the sanitation or the water resources. And the point which I was trying to make is when these amounts of money are being pushed in and pumped in by government, this means a lot, because we can really do great things.

We have done jobs in the water distribution where we are managing large-scale projects which are towards water sanitation, whether you call it desalination or any other treatment like that. And last but not the least is the Auto & E-Mobility sector. The way government has been creating, the way, rightfully, government has been driving about penetration of e-mobility, where we expect to have 30% by year 2030, and penetration, which goes down by 45% from the base year is something which we have been working on.

Now this means two things. This means, that EV manufacturing will pick up pace, and more importantly, the cell manufacturing and battery manufacturing will also be looked into very deeply. And not belittling the recyclers in the battery space, which also will get flourish. Now the incentives, which you may clearly have read and understood, is on the customs duty, which has been either waived or reduced drastically, actually all triggers this growth.

And we, at Schneider, are fully geared up in terms of helping our customers who are in areas of either cell manufacturing or EV setup or charging infrastructure, we are one of those people who can effectively deliver solutions will make a lot of sense and a lot of appreciation by the customers who are going to use it.

I'll go to the next slide, which happens to be Slide Number 6, where I probably would like to share a few of our wins and what we have done, like we used to do before, is trying to see as to how we have been contributing in India's Net Zero ambition. And I'm sure you are aware, this is the discussion which we must have had in the past, as we are one of the most sustainable companies around the world.

What it means? It means that, we are driving those technologies which are making environment better by reducing the potent gases, which are around. And one of the gas, which is very clearly, I would not use the term misused, but it is used, is SF6. We have made equipment where we have actually removed this gas, and we have actually replaced it with pure air. This is a very futuristic technology, which we have been talking about in India with the policyholders, the users and other effective stakeholders.

And happy to share that we actually are now selling these pilots at one of the progressive discounts, which we have in India at two locations. So this is something which we have done. The world is changing, and we are helping it to change. The other is, if you see in the solar space is a special inverter duty transformers, where we are helping one of our key accounts or rather a solar farm developer in his 150-megawatt plant, which he's trying to make in India.

The third is, I don't want to name it, but the first steel -- Green Steel manufacturer, I'm sure you know about it. We are helping him to make Green Steel by giving a green transformer to them. When I say green transformer, it's a transformer, which is actually with all distilled sensors and making prediction and preventive maintenance easy in a way making the transformer more efficient.

So two things -- two first in this. The first one on the slide is the SF6 Free secondary distribution. And the second is the third one where we actually are trying to help one of the steel producers in India have refused, who's actually into making green steel to making green steel in a greener way.

I would like to turn it to the other point where we talk about our wins in the digital area. Again, we have actually had three tiles. The first tile is in Energies & Chemicals space, where we have provided transformers, which are again equipped with two layers of sensors and a lot and a lot of analytics around. It is also actually embedded in these solutions, which we have given to one of the, I would say, Government of India Enterprise.

The second is a Power & Grid space, where we actually have been electrifying one of the leading transmission utilities in East India, where we have provided a state-of-the-art automation systems, which also comes along with opportunities of having a recurring business from this utility.

And the last is where we are trying to work along with a very established carbon black manufacturer in terms of giving our primary distribution in AIS, again digitalized and fully synthesized.

If I turn page and I go to Page Number 8, as we are talking about while we do this still, we do sustainable. We are not leaving behind the core. Core stays as a core, and therefore, we actually, again, three tiles for you, one on the Power & Grid; the other one MMM, which is nothing but Metal, Mines & Minerals; and Energies & Chemicals again.

In Power & Grid, we have actually made inclusive entries at East India DISCOM, where we have provided three buildings of state-of-the-art and also supplied equipment, which are all our equipment. If you read GIS and something which is insulated busbar GIS and RTU panels and the regular GIS in substations.

If I speak about MMM, and this is one area where we have been working with all metal manufacturers in terms of Waste Heat Recovery scheme. And we have given lots and lots of AIS and transformers to one project with the repeat orders through either directly or through different contractors in India.

Energies & Chemicals, the last tile I would like to speak about and share with crowd is, in this space, again, we are trying to give the power transformers and AIS in one of the largest petrochemical industry in East India. And here, we have been leveraging our one full SE solutions along with customer engagement and interaction, which we take pride of.

Turning to the -- not but not the least, to Page 9 is something which we are talking about the new emerging segments, because -- which are very relevant and pertinent because they may carve out the future for us, is especially data centers, where we have supplied -- is the same engagement, which we have been doing repeatedly with one of the colo developers where we're electrifying the one of the largest centers, which they have developed in India.

As well as when we talk about semiconductors, we are actually also supplying in continuation with what we did last year in the same location, Power Transformers with ETE. And we are here, I would like to have a special call out. This is one first plant, being first put in India for Semiconductor, where we have actually given most of the electrical distribution from Schneider. So this is the one good thing which I'm proud of, and so I'm sure you will be.

Now I'm turning to Page 10. And Page 10 actually just gives you a sense as to what's happening inside and -- which is leading to all this. We initiated, I'm sure you are aware about the assessment, which we got done from ESGRisk.ai and is a special focus, which your company has been giving on ESG.

And we have installed a tool, which is, we call as Recording tool for BRSR. And this eliminates and facilitates multiple things. One, it gives you a real-time information. Second, it gives you -- it removes any error which human intervention can make. Third, it can -- it uses and the backbone is our own software, which is making it happen.

And fourth and the last is that, it gets a lot of advisers and it actually tells you as to how do you course correct and where are you lacking? This is one. If I go to Quadrant 2, which is nothing but XROA, which is nothing but, is an extended reality, as an adviser, is a demonstration, which we have actually done.

It's again from the EcoStruxure platform, where we have demonstrated this to one of those sites, which are in DISCOM in East India, where we actually have been engaged in past in supplying multiple equipment and also renovating and modernizing the substation, where we have demonstrated this.

This is a digital solution, which leverages the Extended Reality, which leads to an increase in safety and operational efficiency of the system, and it has been deeply appreciated by this agency.

Now other two things are the new offers, which I would like to take about 2 minutes and explain each one of them. One offer is what we call is P7 Series of Merging Unit. Now this is the PowerLogic Series, which actually enables a lot of simplicity and it is actually driving towards not only simplification, but more efficient communication within the master and slave.

Now what it does is, it eliminates running of multiple control wires between two devices, and it actually assimilates everything and just communicates on a single fiber cable. This is something which is again futuristic. It's something which is required for industry in Power & Grid, in any industry for that matter, and this is supposed to be coming in future times.

And the last, if you notice, is something which is, again, a very progressive step which your company has taken. And when we speak about medium voltage, I think, one element which is one of the critical elements is, how do we see the safety and longevity of the equipment, which is being done by measuring the partial discharge. I'm sorry, I'm using some very technical terms, but this is something which is actually very critical to measure the health of the asset which you have in the substation.

Now these are the centralization, which happens and this helps via our EcoCare to actually make -- it can be leveraged by customers as they move on. So this is another element which I wanted to share.

And I go back on the next slide, which happens to be Slide 11, where we are thinking and of enhancing our capacity in the transformer line at Baroda, which means that we are typically trying to take this capacity from 5,500 MVA for transformers to about 7,000 MVA, and investing some money about INR14 crores into this.

Then I -- now I come to an end, and I would request my colleague, Suparna, who is sitting beside me to take you through the financial performance of 9 months and the quarter which went by. Over to you, Suparna.

**Suparna Bhattacharyya:** Thank you, Udai. That was brilliant explanation of the market has in store for us and the good work that we have done and -- for our investor community. And of course, the support which is

coming from the investor community is tremendous. Thank you. And I'm pleased to share the financial performance for 9 months and the quarter, which ended on 31st December 2024.

So coming to Slide Number 13, we have the 9-month performance. We are happy to share that we have consistent growth in orders and sales. Orders are up by 13.8% over prior period -- corresponding period of last year. We are at INR1,546 crores. Sales has seen a significant rise at 18.2%. We closed 9 months at INR2,050 crores.

Gross margin, 26.4% rise at INR783.3 crores. EBIT, a great rise by -- of 34.5% at INR277.1 crores. At the PAT level, we have increased by 26.4% at INR213.3 crores, and we have a robust 7.3% increase in order backlog of INR1,086 crores, which definitely would ensure subsequent business in the coming quarters.

So highest ever sales in a quarter, that's how we ended this quarter. Better EBIT and PAT, better order intake and product mix, material productivity, volume leverage, better sales mix, because we have a good growth in the transactional and services pieces that has given us better margins.

The strategic levers that we are looking forward are to accelerate segments, leverage emerging segments and strengthen resilient segments, as Udai already talked of. More stress on services, focus on modernization, digital services and remote asset monitoring as we have a growing installed base, so that helps us in generating more service revenue. And to promote partners, the distributors and the panel builders with whom we work very closely.

Coming to Slide Number 14, this depicts the order intake for the 9 months period and the quarter which ended on 31st December. So we are at 13.8% growth with respect to the order intake. And for Q3, especially, the orders, order growth is at 5.3%, which is a slight slowdown, because this is a little lean quarter with respect to the orders. We have grown -- we closed the order intake for December at INR442 crores. Overall a good momentum across all segments, and order backlog, as we mentioned, it is INR1,086 crores, which is up by 7.3%.

Going to the next slide, Page Number 15, talking of the sales. We already said that at the 9-month level, we have had an 18.2% increase, closing the sales at INR2,050 crores, and we have the highest ever quarter with respect to sales. We closed our -- the last quarter at INR857 crores. So this has been the highest and thanks for everybody for your support. And actually, that keeps us going to do more and more for you all. So again, strong sales growth in transactional and services, and this has also contributed to the better margins.

Coming to Slide Number 16, which is the 9-month P&L. Sales growth of 18.2%, closed at INR2,050 crores, and we had our gross margin up by 28.3%. EBITDA grew by 38%, EBIT by 39.8% and profit before exceptional items was at 48.2%. And then the PBT growth is at 61.4%. Overall, at the PAT level, we have grown by 26.4%. The obvious reason being that we had just started entering into profits during the corresponding period of last year, less taxes, but then this year was a full-fledged load of the corporate taxes on our P&L.

So again, margin expansion has come due to better product mix, order pricing, volume leverage and operational efficiency. And at the exceptional item level, we have reversed an interest provision, which I'll talk of in the next slide.

Going on to the next slide, Page Number 17, we have our P&L for quarter 3. Again, highest ever sales number, INR857 crores, which is a 15.2% increase over last year. Gross margin 25.7% increase. EBITDA at 31.6%. EBIT at 32.3%. And talking of the exceptional items, we actually have an income here of INR17.6 crores for the current quarter, which is basically the reversal of interest provisions relating to past direct tax litigations upon application made under the Vivad se Vishwas scheme.

So -- and this has been favourably accepted by the tax authorities, and we have agreed to pay the taxes with a 10% increase as a part of this scheme. And while we saved significantly on the interest, which we had accrued in the -- in quarter 4 of last financial year. So that's all from our side. And thanks again for your overwhelming support over the last 1.5 years that me and Mr. Udai Singh have taken over the reigns of the organization. We look forward for your questions.

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

**Sanjaya Satapathy:** Congratulations on a great set of number. So just two questions. One is that you mentioned your order inflow was a little slow in quarter 3. How your deal pipeline and future outlook in terms of order going forward?

**Udai Singh:** No, Sanjaya Ji, this was more of a time effect, I would say, because we are in a business where there are multiple project orders given by multiple stakeholders. And we intentionally try to pull up some orders, so that we can make the year more robust. If you ask me, generally speaking, the pipeline is good, is healthy, and we don't see any road block in the pipeline as we see today.

**Sanjaya Satapathy:** And my last question is that, your other expenses continues to rise fairly strongly like almost 30%, 40% rise, again, in this quarter. And can we -- can you get a sense like how things will go moving forward? And will there be the benefit of operating leverage will finally kind of kick in to the company?

**Suparna Bhattacharyya:** So other expenses, yes, rightfully said that, it is -- it has grown in the 35% to 40% bracket. Some of the expenses are particularly related to sales with respect to the provisions, etcetera, the accounting entries that we make. So out of this 38%, so almost 18% goes into such directly chargeable provisions and expenses that we incur.

And apart from that, yes, there has been rise in expenses, but this is mainly with respect to the expenses, which we have incurred internally to strengthen the organization in team building, capability building, having, I mean, expert people to work in the organization. So that's how we are kind of building internal capabilities in the organization.

Which was somewhere -- till the time the company stabilized, we were not building such expenses, but now we are building your company for the future and increasing these expenses. And very -- in the near future, you'll see that we'll be able to, I mean, optimize on these expenses with respect to our operations.

**Sanjaya Satapathy:** That's wonderful. And if I can just ask the last thing. There was some expansion which is going on in your Kolkata factory. What really is the status there?

**Udai Singh:** So it is on track. We are trying to make interruptors there and going to be one of the kitchen factory of Schneider Group. So this is on track. The way it was planned, it is happening, and it is expected to go live very soon as per the plan.

**Moderator:** The next question is from line of Rucheeta from iWealth.

**Rucheeta:** So major of my question was on the order book, which was already answered. Second was, sir, on the nuclear part of it. In the nuclear part, what can be our opportunity size out of this plan of 100 gigawatts? And where are products -- what products can we supply here?

**Udai Singh:** So Rucheeta, it's an important question, and a very nice one. Government has actually, if you must have seen the budget, they are talking about developing indigenous expertise in developing smaller reactors. So you have -- typically, if you see we have the nuclear power plants, which are capacities of 700 or 800-megawatt energy.

Now we are thinking about making something which is being called as small modular reactors or SMRs, which go up to 300 megawatts, and then micro reactors, which are of a smaller scale, will be typically around 10 megawatts. This 100 gigawatts is the capacity which is slated to be in year 2047.

Now what is important is the dependency on our own Indian manufacturers who make this. What it also brings in is the ease at which it can be put, the pace at which it can be put. And the third, if you would have noticed, government is also trying to think about how to tweak the liability part. Because that was a major deterrent for enabling private participation in development of nuclear plants in the past.

Now, if you -- the second question which you had asked as to what we can supply there? The entire -- because finally it's a power plant, whether it's a coal-fired or a gas-based or a nuclear, is one and the same. What we can do is supply the same set of equipment, same set of softwares, although that would mean that this happens to be slightly more critical and the criticality typically depends on how closer are you as to the reactor core.

So I mean, I would -- I'm afraid that I'll go more technical. But what it means is, as closer you go to the core, your equipment becomes more -- it has to be more stringent, it has to be more critical and it has to be more robust. So -- and -- but the long and short, Rucheeta, is that it offers a potential and upside for the company to get engaged with those people who actually will start developing nuclear power plants for India for its own self-reliance.

**Rucheeta:** Okay. And sir, earlier, I was just going through a few used cases. Isn't the small modular reactors more expensive than an alternative power source?

**Udai Singh:** See, nuclear is by virtue of being nuclear is a sheer more expensive. So it depends on actually how much do you produce, how efficiently do you produce, where do you produce, and at what pace do you put up a power plant. Because in the past, and that's what I mentioned to you. In the past, normally, we have seen because of so many regulatory approvals and the nature and the size of the plant itself, it typically used to have an overstretch in terms of the time lines in which the power plants were getting made.

For example, today, we are sitting at a capacity of about 8.1 gigawatts. So just look at the road, the strong growth, which is ahead of us. It's 10x by year '27. And also, we're talking about building up 10x in 25 years. And when the scale picks up and when the technology would be ours, I think, we'll be in a position to make more efficient reactors, I'm sure about that.

**Rucheeta:** Okay. So we'll have an opportunity in the small modular as well as the larger nuclear power plants. Is my understanding right?

**Udai Singh:** You are right, Rucheeta.

**Moderator:** We have our next question from the line of Aditya Deorah from Divisha Alternative Investments.

**Aditya Deorah:** Sir, our order backlog growth is just 7% for this quarter, on a year-on-year basis. So are we expecting some slowdown in growth that we are looking maybe for this quarter or for the next few quarters?

**Suparna Bhattacharyya:** So Aditya, thank you for keeping an eye on the backlog. Yes, this quarter was a little slow based on the industry situation in terms of orders. But based on the pipeline that we have, we are hoping that the next order will pick up -- the next quarter, the orders will pick up. And we shall have a good backlog by the year-end, by the quarter 4 end.

And also, it is worthwhile to note that we pulled in a lot of sales from the orders that we had until Q2. So with the heavy sales, the backlog has certainly reduced, but then the focus to increase our orders in the next quarter will be surely visible to all of you.

**Aditya Deorah:** Now ma'am, on a trailing 12-month basis, now are generating around INR373 crores -- INR360 crores, INR370 crores kind of an EBITDA? And in all probability, this number would be higher next year and the years ahead. Now how do you wish to allocate this capital or this cash flows that you generate over the next few years? Would your priority be CapEx? Would it be working capital? Would it be debt repayment to sister entities? What would be the priority of the management going ahead?

**Suparna Bhattacharyya:** Okay. So until now, I mean, the focus was being -- was always to stabilize the organization. As you know, prior -- 3 years prior to the current period, we were into losses and the company was stabilizing. Now with the last 3 years, we have stabilized and funds which we are generating, we are doing better, much better in terms of cash, and it is definitely funding our working capital.

But as you've just seen that we have announced an investment, and we are looking for major expansion and investments in the years to come, and we will use our cash to fund both the working capital as well as the growth strategies.

**Aditya Deorah:** Perfect. Sir, just one last clarification. Did you mention any date of commencement for the Kolkata plant?

**Suparna Bhattacharyya:** Very soon, in the next few months.

**Moderator:** We have our next question from the line of Vinod from PhillipCapital.

- Vinod:** In your opening commentary, you mentioned that this quarter had a better sales mix, better productivity. I think, there was also stress on services and better leverage. So are we seeing the best in terms of our performance? Or you mean, are we peaking up on margins at this stage?
- Suparna Bhattacharyya:** See, whenever we are doing business, we always look for seeing better in terms of sales growth, margin growth, optimization of the fixed expenses. So that way, I mean, this question, I would probably say that we are definitely working for a better future with respect to performance. Specifically, to talk about saying, every business is always looking for growth.
- Vinod:** No, I understand that, but I think you checked all the right boxes in this quarter. So everything right has fallen in place. So from that perspective, I was just asking.
- Suparna Bhattacharyya:** No, we are looking for better times ahead for sure.
- Vinod:** Sure, sure. And the second thing I just wanted to understand, this probably you've been asked this many times, what is our offering and how is it different from the acquisition you did for L&T's business or the group did from the -- for L&T's business 5 years back? Is there anything complementing the offering? Or is there some overlap in the products?
- Udai Singh:** The application-wise, Mr. Vinod, they are practically the same, because -- and so are the rest. It's only -- I would say that, it is not an overlapping market. It is -- there is certain segments where we have been greatly working, and there is a segment where the other team has been working and it is complementary. There are certain pluses, certain minuses in both the platforms, which customers appreciate and push through its right use and the way they want it to be done. So if I may have answered your query, it goes like that.
- Vinod:** Sir, do you also jointly bid for projects and then each of you appropriate your portion of the product or business, is that how it happens?
- Udai Singh:** No.
- Moderator:** The next question is from the line of Viraj Mithani from Jupiter Financial.
- Viraj Mithani:** My congratulations to the Schneider team for outstanding performance and getting company on the solid profit part. Am I audible?
- Suparna Bhattacharyya:** Yes, sir.
- Udai Singh:** Yes, you are audible.
- Viraj Mithani:** Okay. Okay. My first question is regarding how are we -- are we affected by this rupee-dollar movement? Or it's -- that can be negative? So are we importing any of the imports in the raw material side or anywhere else? Is it impacting us?
- Suparna Bhattacharyya:** So we have a robust hedging policy as per the guidelines within the organization and not really impacted by -- not impacted much over the foreseeable future, because we do have a very robust treasury team, which is -- which helps us cover such currency fluctuations.

**Viraj Mithani:** Okay. And my second question is just with this 2030 coming nearby, which is a Paris accord, where every country has signed this green climate agreement. Do we see the next 2, 3 years, the traction happening? Are you seeing any signs of improvement in the market since -- in the renewable side or maybe on the greener side?

**Udai Singh:** Yes, certainly, yes. Because now if you actually look -- go back and try to see as to how the situation was in India about 4 years ago, I think, there's a lot of sensitivity which has come in buyers, users, consumers about how to become more greener, more efficient in their own areas of operation.

And we -- and this is a very positive move, I would say. Because now is the sensitivity around the same has increased, which is sort of helping companies like us to partner them in terms of whatever solutions we have, so that we can actually make their -- the operations more efficient in times to come.

**Viraj Mithani:** Okay. My next question is this, there was an article about the grid automation in the world. The grids are getting older and they are working on the probably thermal or carbon-consuming technologies. And now the automation has also come in. So how are we benefited in grid since we are a medium voltage. So are there any benefit in that where we fit in?

**Udai Singh:** Yes, we are getting benefited, because I think, if I like to clarify your question, there are two things which you said. One is, we believe that electricity is the most promising green vector in energy space. So one, we are -- and this is one of the mantras which the company has, as to how do we electrify processes more and more. Which means that, the processes which are being run in the plants which we have put in India a few decades ago and they are on the fossil fuel, how do we electrify. That's number one.

Number two is, of course, which you touched upon rightly. India actually happens to be possessing one of the most robust grids around the globe. And where it actually needs some more, I would say, upliftment is, how -- when -- we have more and more renewables coming in. As we speak, we have about, as I was mentioning about 100 gigawatts of renewable already in sight. We are talking about the green energy corridors where about 40-odd gigawatts is actually being leveraged and channel through that green corridor.

So we are talking about the grid, which actually has these qualifiers, which are required. Number one, it has to be strong, resilient, transparent and it has to be a rebounding one where you can make an effective load distribution. And that is where we play a role, because we not only can modernize equipment, which are, as you mentioned, medium voltage.

We can -- we also have a software stack, which actually can be superimposed on the grids to make it more reliable, to make it more predictable, to make it more resilient. And that is something which India is just, again, I would say, all DISCOMs, the nodal agencies are talking about it. They have all felt it. It is coming in pieces, but that's the future which lies in the grids in India.

So your question was absolutely apt. And we are one of the, I would say, apt companies who actually can address this growing demand of Indian DISCOMs and Indian grids.

- Moderator:** We have our next question from the line of Manish Goyal from Thinkwise Wealth Managers.
- Manish Goyal:** Very hearty congratulations on very strong numbers and historical high margins. Just a question on the Digital Solutions offering. What we have that in recent past, we have been seeing a lot of wins over there. So just want to get your perspective on industry scenario, like is it very competitive to kind of pitch for such solutions and the competition intensity is equally high over there? And what is the kind of adoption we are seeing from the customers in terms of acceptability of digital products and maybe the EcoStruxure architecture, what you offer?
- And then related question is, in terms of like if you can give us some perspective as to how is the revenue share increasing from such offerings like -- and is it really helping us in improving our margins -- gross margins and the EBITDA margin? And where does it reflect in? Does it reflect in transactional products or it reflects even in the services business?
- Udai Singh:** Yes. So I'll go and try to answer one by one. First is, India is an evolving and complex landscape and we speak about market. So if I cannot make a general statement about the -- being competitive, but what happens is, what I can say for sure is that there is a growing demand for these digitalized offerings, because people have realized the consumers, the users, the sites, the projects, they have realized the merit of adopting it. That is answer to your first question.
- Now the second question is, whether where do we apply this? Now this is -- this gets applied primarily not greatly in transaction, because transaction happens to be the one which is for more masses, not a very specific one. It is towards items which are more engineered, more customized, the acceptance and penetration of digital solutions is far higher there.
- And the third question, yours was, I think, how do we see this happening, which I answered partly in my first reply, which I made to in the first part. So in times to come, I think, this would be the future. Because we are -- we have a dearth of -- India is a very typical country, so to say, because we are -- the way at which we are expanding, there will be a growing dearth of skilled people who would actually maintain, and their dependency on AIs and machine learning-based, large quantum computing, etcetera, will go up. It is a more efficient way of doing things also.
- So all this digitalization actually is finally aiming towards that. Because just to give you a perspective, whatever we do, it actually is taken to the cloud. And then, if you are a consumer, you you've been given advisory support, which actually typically means that how your asset has been behaving and what health life has it attained?
- So -- and this is nothing but, lakhs and lakhs of mean data getting compared with the actual performance of the equipment which we have at your site. So this is MLL adoption, I would say, and -- which is gaining acceptance and popularity in Indian consumers and users.
- Manish Goyal:** So here, the revenue would be over a life cycle in terms of -- probably earlier, we did mention somewhere that some of the revenue potential is on subscription based on a recurring basis. So is it already started reflecting?
- Udai Singh:** Yes, it has. It has.

- Manish Goyal:** Right. And Ma'am, my question is, again, if you can please give us data points in terms of order inflow for the intergroup, what is the revenue share for the intergroup? And the breakup of inflows between various segments, revenue breakup that will be very helpful?
- Suparna Bhattacharyya:** [Inaudible 53:45].
- Moderator:** We have a follow-up question from the line of Vinod from PhillipCapital.
- Vinod:** Sir, you're expanding your transformer capacity from 5,500 MVA to 7,000 MVA at a cost of just INR14 crores. If you look at some of the competitors who are increasing capacity, the per MVA cost is very different. So how do we look at the capital cost for a transformer on a per-MVA basis? Is there any basis to look at this capital cost?
- Udai Singh:** Sir, I don't know the benchmark which you are comparing with. I can speak about your company's establishment, which exists today and where we want to take it. So -- because at multiple places, it may not be right to compare and try to arrive at a project cost per MVA and the investment required for this, because it may be a greenfield versus a brownfield expansion and certain facilities not being there or being there makes it happen.
- Because what we are trying to do here is, trying to see as to how do we scale up our existing infrastructure by infusing some facilities and expanding there. So I think, perhaps what we are trying to do is trying to read some announcements, which have been made regarding people getting into a transformer business and investing.
- Vinod:** Correct. Sir, is there any way to look at this capacity? I just want just to understand the business more.
- Udai Singh:** Yes. So as I said, it is actually ramping up by about 1,500 MVA. And that will require the existing setup to get more invested in large.
- Vinod:** Okay. And sir, since everyone in the industry is ramping up capacity, is also -- is the supply chain also ramping up its capacity? Or you see some kind of a constraint on the supply side till the supply chain catches up with the capacity that you guys have given?
- Udai Singh:** The suppliers also are for -- like us and like everyone, entire ecosystem is getting for the new demand which India offers now. So a few things here and there. Typically, everybody, I would say, a general statement that suppliers and other partners are also trying to see as to how do they catch up with the growing need. So net-net, everyone is supposed to be gearing up for it.
- Vinod:** Okay. But what about electrical, steel and other critical components? I think, the people are talking about a shortage on CRGO and -- CRGO steel, particularly?
- Udai Singh:** There is a -- see, there is -- I think, you have picked up one thing, which is maybe perhaps, I would say, which exists today. And where if you have a proper planning done and you have a regular identified supplier, which actually is allowed by regulation, then it is all right. But yes, we are now, as you may be knowing that there are people who are trying to make steel by

themselves in India, and we will be slowly also looking towards them, as they start making the steel, the quality of the steel which we want.

So CRGO, at times in the past, in few quarters, past quarters have been challenged to few of us, and we are going to eliminate it along with government. I think, there are multiple government agencies, which -- including MHI, who actually is trying to see as to how do we eliminate and come out of this situation, which we -- few of us were in last and last -- quarter before last.

**Moderator:** We'll take that as the last question for today. And I now hand the conference over to the management for closing comments. Over to you, sir. Uday sir, any closing comments from your side?

**Uday Singh:** No, I would like to thank everybody for joining this call and being a great support all this quarter. And let me assure on behalf of management, that all teams are focused towards delivering, as I mentioned, the vision and the mission which I shared at the beginning of the presentation. We are working and trying to make Schneider Electric Infrastructure do things which are the first in the nature, which is more focused towards customer needs and requirements, and we abide by all ethics in why we do business. So all the best, and thank you so much.

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