

SEIL/Sec./SE/2024-25/75**November 22, 2024**

The Manager
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Bandra Kurla Complex
Bandra (East), MUMBAI 400 051
Fax # 022-2659 8237/8238/8347/8348

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
MUMBAI 400 001
Fax # 022-2272 3121/2037/2039

Symbol: SCHNEIDER**Scrip Code No. 534139**

Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

In continuation of our letter(s) no. SEIL/Sec./SE/2024-25/67 dated November 12, 2024 regarding intimation of schedule of investor conference call, please find enclosed herewith the transcript of the conference call held on November 18, 2024 for discussing the Unaudited Financial Results and earnings performance of 2nd quarter and half year ended September 30, 2024.

This transcript will be made available on the Company's website i.e. <https://infra-in.se.com/>.

We request you to kindly take the above on record.

Thanking you.

Yours Sincerely,

For **Schneider Electric Infrastructure Limited**

(Sumit Goel)
Company Secretary and Compliance Officer

Encl: As above

Schneider Electric Infrastructure Limited

Corp. Office: 9th Floor, DLF Building No.10.Tower C, DLF Cyber City, Phase II, Gurgaon – 122002, India; Tel: +91 124 7152300; Fax.: +91 (0) 124-422 2036; www.schneider-infra.in

Regd. Office: Milestone-87, Vadodara - Halol Highway, Village Kotambi, Post Office Jarod Vadodara -391510, Gujarat; Tel: +91 02668 664300 Fax: +91 664621; CIN: L31900GJ2011PLC064420



“Schneider Electric Infrastructure Limited
Q2 FY '25 Earnings Conference Call”
November 18, 2024



MANAGEMENT: SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED:

- **MR. UDAI SINGH** – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
- **MS. SUPARNA BHATTACHARYYA** – CHIEF FINANCIAL OFFICER
- **MR. MOHIT AGARWAL** – HEAD OF INVESTOR RELATIONS

MODERATOR: MR. HARSHIT KAPADIA – ELARA SECURITIES PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Schneider Electric Infrastructure Limited Q2 FY '25 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing 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 Private Limited. Thank you, and over to you, sir.

Harshit Kapadia: Thank you, Steve. Good morning, everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY '25 and H1 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; Mr. 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 the 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 much and a very warm morning to all of you. And I think I was just remembering that this is one of those calls, which we have kept early in the morning, and thank you so much for joining us and hearing us out. Myself, Udai, my colleagues Suparna and Mohit, will try to tell you as to what we have been doing. I'm sure you have been -- you have read what we have actually had shared a few days ago on this, and I would now like to take you on that.

Coming to Page 3, just a sweet reminder of what your company is on a mission with a vision, which is going to be the leading the new digitalized energy world and offering our customers and partner the most innovative connected products and solutions, which would be ready for the 10 emerging and elevated expectations in power distribution.

And we do this by our balanced business models, superior quality and efficient supply chain, which will keep our growth profitable and resilient and sustainable. And we have this vision with the mission to be a digital partner for sustainability and efficiency for all our stakeholders. And we strongly believe like life is on everywhere for everyone at every moment.

I would like you to pay some attention to Page 4. And this summarizes very rightfully as to what we have been going through. We again strongly believe that we need to drive a sustainable future, and this can happen by 3 things coming together. One essentially is electrification, driving this automation through a large streak of digitalization. Now these 3 things put together, which are at the core, will help us to drive and have a sustainable future going forward. Just wanted to also tell you as to what are the mega trends, which are emerging, and which actually are being seen by all of us.

And these are global trends, and these are also -- India is no different than that. We are also experiencing the same in our country also. One, there is a huge demand, which is being pushed by digitalization and artificial intelligence.

Second, we know what's been happening in climate change. We are no different. We are not the one who are away from this. We are experiencing right from north to Southeast to west of India. Last 3, 4 years have been very acute, and we have started realizing that this is not something, which is a non-India thing. This is very much an India thing which is going to happen. And we need to think about this in our attempt to safeguard the future of the coming generation.

Third is energy transition. Energy transition is, again, a very, very important element because we are trying to drive -- entire India is on path of net zero vision. We are trying to see as to how do we get it. And the best thing would be -- which government also, as you know, is thinking, is trying to come out or change or give up fossil-based or fossil-derived energy; therefore, this is going to happen.

And if you leave fossil, what is left is electricity and that is something perhaps, which will drive the future of your business. Evolution is wealth, very, very important. I think this we -- India stands at a very sweet spot here. The population, the average age of the general youth, the urbanization, the demand generation because of it, the supply to cater to this demand is all actually is being done -- is being seen or is being witnessed by this evolution of wealth, which we have been witnessing in India, perhaps more than -- or more than any other country, I would say.

The new global equilibrium, I would not like to speak about this. You know the geopolitical situations, the government of India, I would say, restrictions on prior countries sharing land borders, what's been happening between Russia and other things, I don't want to say, but this is something which is emerging where India is being seen as one of the major hubs, which can supply not only to outside, but as well as by supplying and catering to the domestic needs within India.

Now what we are trying to do here, if you really ask me, are five things again. We are trying to see as to how do we quickly organize ourselves with speed in terms of addressing well this evolving trends as you see because what stays today doesn't stay after 2 years. So the success would be how do we quickly adapt so that we can leverage the evolving situation.

Two is how do we give, as I mentioned, if you recall our vision, how can we be the lead in partnering our customers and partners in terms of driving sustainability in their own setups? How do we capture the emerging segments and while continuing our leadership in the existing segments stays as priority 3.

What we are also trying to see is we are not -- we are attempting and we are trying very hard to be seen rightfully that we partner a customer not only during capex cycle, but we are there with the customer, we really partner them right across the life cycle of the product, which we

call as from the time when it actually is supplied till the time it actually has lived its life, 20, 25 years.

What can we do as part of SEIL so that customer sees a deep, deep engagement right across the cycle of the product. And of course, India is evolving, as you all know, how do we saturate our presence, make us more visible by establishing and making a robust partner network so that we are there in each and every corner of India.

Now if you really see what this all put together is if you work on these trends, you work on these priorities, which we have, coupled with strong governance and business ethics, building local competencies, doing the right allocations of capital in terms of making new things and leveraging opportunities in new energy landscape, which is evolving, I'm sure this company of yours will be in a position to give better returns.

I'm very happy to actually take you to Page 6, which talks about a few of our successes, which we have seen. The first one, which is on the left, which is for oil and gas segment. This is one of those Government of India run companies where we have supplied full stack of what Schneider does, including transformers, GIS, revamping.

And I just wanted to call you, these are 3 separate orders, which has come from a non-private enterprise to us, where the confidence in us actually is being seen and is being witnessed in this. And what we have done here is given transformers and equipment, which are fully sensorized.

And also it has got other elements which actually are purely digital, which actually will enable to run the asset, which is either a new one or if you can see the one, which is retrofitted, better visibility, better control, better insights and maintenance. If you go on the right side, again, is a prominent steel industry where we have actually supplied this. This is by far again, I would say, the first time where remote rack-in rack-out order has been given and it has been executed.

Now I just wanted to take some time on this because this is the first time we have done this, and this goes miles in terms of ensuring Operator: safety while maintaining the site. And this is a concept, which we have sort of launched in India in its own different way. And this is going to be the future of maintenance, as I see today in emerging maintenance world of electrical equipment.

I would like to again take you to Page number 7, where you see in the mobility segment where we have actually been able to do. The left side is again one of the metro segment where we have supplied the state-of-the-art high-end controllers and control systems, which are required to make this mass rapid transport system do very well.

And incidentally, this happens to be a Southeast Asia country where we have supplied here and they were actually very keen in buying something, which is from India because India is perceived to be a technology hub where we can actually manufacture and supply high-end equipment in volumes. Another one, which is on the right side is for one of the automobile manufacturer where we have supplied this in state of Gujarat.

What is also worthy to note, again, here, if you see and you would notice, these are all sensorized and which has been sold with the subscription package, what we call as EcoCare. If you remember a couple of quarters ago, when we launched this, we told about what is EcoCare, and this is actually is catching up. Customers are now seeing some merit in terms of subscribing to it. And with coming times, I would see EcoCare to ramp up, and this is one of the testimony, which we have seen in automobile industry in Gujarat.

If I want to take you to Page number 8, which are essentially the left side is our bread and butter, which is power and grid segment. And this, if you ask me, is something which was required in East. Just wanted to give you another piece here. It was for one of the state-run DISCOMs who wanted to modernize their infrastructure, and they were sort of delayed in this. And they came to us saying that we have delayed this. Can you support us in terms of actually supplying it early so that we can capitalize and roll it out. And we said, yes, of course, we are here for you.

And this is something, which was done much before time, much before the anticipated short cycle of customer, which actually went on for -- we getting a different level of appreciation from the state-run DISCOMs. On the right, again, is something which is a testimony of our penetration in data centres, which I said, if you recall, the megatrend, the AI evolution, the digitalization is driving this. And this is one another case, which we have added to our feather, which is a transformer supplied with EcoCare again with 10-year AMC. And this is one of the largest data centres, which are going to be coming up in India.

Now I would like to take you to Page 9, you can refer. This is the last piece, if you remember what our priorities are. This is something, which we are trying to do by creating larger set of partners by enhancing portfolio of partners, which are already existing. And these 2 cases, if you see are, again, a proof of the same.

The left one is where we have actually supplying in Gujarat, we are supplying lots and lots of RMUs under various packages of Gujarat through license partners. And on the right is something, which we have done, which is essentially a large volume order being supplied for a renewable solar farm in North.

And this is something which is really, I would say, I would see this as a very wonderful step because this particular breaker, which we have developed rightfully caters and is more than adequate to what power generation -- solar power generation farms in India would require. So this is one of the first orders, which we have got through an established partner being supplied to a known name solar developer in India.

I would like to take something which is on Page 10, which is very relevant and important. I would like to say it's slightly technical, sorry about this. But just wanted to tell you as to how your company is extremely progressive in terms of digitalization. See, what we have realized and is a known fact that about 40% of fire, which takes place in electrical equipment is because of partial discharge. What we have done here is a sense where we have put partial discharge sensors in the equipment, which you can see on the left, I don't want to take a lot of time on this.

But the basic idea is that we have now sensors, which are partial discharge sensors, which rightfully flag and come out and flags and give a signal if there's any partial discharge happening inside the equipment, which means that this eliminates any possibility of equipment seeing a partial discharge and, therefore, avoiding any partial discharge-led shutdowns. Now what are the benefits?

Benefits, of course, is the customer sees that the plant is maintained. It is more efficient, so better, more environment friendly, more sustainable. It can, of course, give insights so that the customer did not do the regular maintenance, they come back when the maintenance is required, therefore, securing and ensuring maintenance costs going down.

And of course, it is more safer, more reliable. I would come to my last slide, after which I will hand over to Suparna because I'm sure you must be having very keen interest in looking at the numbers. But just wanted to take some time on Page 11, which is again something which is very different, very unique from your company, which is a mix of augmented reality, virtual reality and mixed reality.

The idea behind this is, if you try to visualize, it is like we are creating a model by which the customer or the operator or somebody who is a supervisor would be in a position to point a tab in front of the equipment and each and everything, which is required to be maintained by the Operator: actually shows up on the screen.

The basic idea is we are armouring our Operator: set of people who may or may not be skilled at times at various sites in the right way of doing things so that there are no mishaps. The rectification, the time taking to putting back the equipment in service is defined, is certain, so that the shutdowns are limited. And not only this, this also helps for training.

We can -- by virtue of this, we can perhaps just imagine you are sitting in a room in, say, a city like Delhi or Bombay and you want to train a set of people, you can recall this panel, which is there at some far-flung slide and can demonstrate to the set of people who are sitting along with you in terms of how the equipment looks like and which button if you press it does what, how does it operate and things like this.

So this is really, if you ask me, is something which is extremely unique, which is being evolved and developed just keeping one thing which is very core to us, which is customer at the centre. We are trying to develop things and trying to promote solutions and offers, which are around customer benefit, which is something which customer sees as a value coming from your company, which is something which will help us to maintain and have a very proper and long-lasting engagement with customers in the entire life cycle of the job.

I will stop here, and I roll to -- I give it to my colleague, Suparna, who will take you on the financial performance of the company in the last quarter and in the last half year. Over to you, Suparna. Thank you.

Suparna Bhattacharyya: Thank you Udai. Business and operations well explained with -- along with the philosophy of the company. So I'm pleased to now share the results, and happy to share that your company has been seeing consistent double-digit growth in both sales and orders. Our PBT has grown by -- risen by 67% and PAT by 32% Y-o-Y for H1 period.

Coming to the numbers. Our orders are INR1,104 crores, which is 17.5% over and above last year. Basically, we can see that our -- the growth momentum in orders is strong. Our transactional and the transformers business has grown significantly in terms of getting orders. Sales at INR1,193 crores, we are up by 20.3% over corresponding period of last year. So we have leveraged the strong backlog that we had.

And of course, this is mainly a project-based business, so execution is the key. We've had a very robust execution strategy at our end. Gross margin or the material margin is at INR472 crores, up by 30.1%. EBIT at INR155 crores, up by 47.4% PAT at INR103 crores, up by 32.1% and we have a strong order backlog for the remaining part of the year and some also moving to next year, which is INR1,389 crores.

What are the strategic levers that we had for this first half of the year? We accelerated segments, as in Udai spoke about is, that we are leveraging the emerging segments, which are happening in the country and, of course, strengthen the resilient segments, which are basically our core. More services focus on the modernization, digital services and remote asset monitoring. So this goes as part of our service revenue mainly. And Udai also mentioned of promoting partners to execute our orders -- to gain and also execute our orders.

Going now to the next slide, which is Page 14. The order, as we mentioned, we see INR1,104 crores, which is 17.5% over last year, which was at INR939 crores. And Q2 stand-alone performance has been 16.3% higher than last year at INR572 crores. Good momentum in orders across all segments and order backlog we've already talked about. Order backlog is practically up by 14.3%.

Going to Page number 15, our sales. H1 sales has seen a 20.3% growth. We closed H1 sales at INR1,193 crores over and above INR991 crores for the corresponding period of last year, H1. And the quarter saw a 21% growth. We closed the books at INR600 crores over INR496 crores of last year. Again, strong sales growth in transactional and services that gives us also a good margin.

Talking of the P&L statement of H1, we are at Page number 16. Sales growth by 20.3% at INR1,192.6 crores. This has given us a material margin or a gross margin at 39.5%, which is 3 points over and above corresponding period of last year. And this has come from the better efficiency, better pricing, better productivity in the raw material.

Our employee costs have risen by 10.6%, and this is mainly covering the inflation. The other expenses have risen by 38.8%. This has a component of the sales growth expenses like whatever we take as a percentage of sales growth and the other coming from the increase in CSR expenses because we've been profitable for the last 3 years as compared to the

corresponding period of last year, where it had one -- the first year, which was in losses. So our mandated CSR expense budget has increased.

Over and above that, we have some customer support and risk coverage expenses so that we are able to cover the risk by making some specific provisions to take care of the interest of your company. So that gives us an EBITDA of INR167.4 crores, which is up by 2.3 points over and above last year and a good absolute value growth of 44.2%.

Now let me come to the finance cost. Finance cost is more or less stable. And then we come to the PBT. PBT again sees a great increase over corresponding period of last year. We were INR77.8 crores against which we did INR129.8 crores. We are 3 points over and above last year in terms of percentage. And in terms of absolute value increase, we are at a good 66.9% growth. Having said that, at the PAT level, we are at 32.1% increase in absolute value, an 0.8 points increase.

You all may be aware, I'm sure that last year, we were not -- we -- the corresponding period of last year did not have a tax impact, which this period has and thanks to the profits that have been generated by our company. So overall, our margin has expanded due to better product mix, order pricing, volume leverage, operational efficiency and also, most importantly, the in-time orders and the sales execution, which is complete focus from our side at every point of time.

Going to Page number 17, which has the Q2 numbers. Q2, the sales has increased by 21% at INR599.7 crores. Material costs are at INR376 crores, and which has given us a gross margin of 38.8%. Again, this is higher by 2.4 points over corresponding period of last year. And the other expenses, yes, agreed, it's a little skewed this quarter, but it is a very judicious reason why we have some increase in other expenses with respect to, of course, those expenses, which are coming directly as a percentage of sales as well as some specific provisions and CSR expenses that we have done. Depreciation, not much change. Finance cost almost stable. And coming to the PAT, we are at INR54.3 crores, which is 26.7% higher than last year in terms of absolute value and that we are at 0.4 points over and above the percentage.

Just to give a reason for why the deferred tax number has come. So we have reversed a deferred tax liability of INR5.8 crores in this quarter on account of the recent amendments in the taxation of long-term capital gains. So this is -- as you are all aware that the tax on long-term capital gains has reduced from 20% to 12.5% and the indexation benefit, which has been removed. So this is the impact of this change in the taxation calculation. And well, at the PAT level, we are higher in terms of the absolute value.

So, thank you for all your support, and this is all from my side, and now we are open for questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Raj Rishi from DCPL.

Raj Rishi:

This change of regime in U.S., do you expect any change in business prospects for Schneider given the take on climate, etcetera, by the new regime? Can you hear me?

Udai Singh:

Yes, Mr. Raj, thank you for asking this. See, what's been happening in India, which perhaps I see myself personally for last about 3 years or so. There is a lot of growing tangible sensitivity around being more sustainable in our operations, which is what India industry and other stakeholders are looking for. If you ask me, as a matter of fact, they are now -- that BRSR is something which is being mandated and there is a growing.

I would say, sense, which is emerging around how can we be more efficient, sustainable in our operations. And India offers a very varied landscape if you really ask me. There are a lot of industries which got established when this was not at the radar at all. And now people are getting sensitive around this as to how do we electrify the processes which we have.

And when I state this, this can go to any sort of industry. This can go to metal industry. This can go to any fertilizer industry in terms of how do we save on carbon footprint. And this, of course, and I'm pretty certain that going forward, this is going to be very much applicable and very much relevant for a country like ours.

Raj Rishi:

Okay. And in the previous con call, I had asked you about like the estimate is that trillions of dollars would be required for meeting certain targets, etcetera, and Schneider is right at the centre of that particular aspect. So any comments on like where do you stand and especially the listed entity, like you have a lot of entities, Schneider has a lot of entities in India. So is there any duplication of business, conflict of interest between the listed entity and some unlisted entity of Schneider? These are the 2 questions.

Udai Singh:

So Raj ji, I'll take the second question first. There is no conflict of interest between various operational entities in India of Schneider. And number two, if you ask me as to what is the budget, which people might take for being more sustainable, this is -- I would not be in a position to answer you because you see what's been happening is there are people who are taking -- today is an evolution phase, I would say. People are trying to try out pilots, trying to gauge the basic -- basic concept of sustainability is, first and foremost, you should be -- I mean, sensitive about this. Draw as to where do you stand, which we typically call as where we are today.

Form up a road map as to where we want to be and then try to drive it, make it happen and finally to sustain it. Now your piece typically comes when you have already drawn up a road map where you really don't need to see as to how much investment is required, which I would, at this point in time, for a national average point of view, I will not be able to say.

But what I can only add here is, there are people who -- most of the stakeholders, most of the industry, most of the relevant people are trying to see as to how much they can do in their own ways to drive this in their respective set of operations. But the number point of view, I will not be able to throw up and share any numbers with you because I'm not aware about this at this moment of time.

Raj Rishi:

And sir, in the -- like the Saturday, Sunday or something, government took out some testing lab regulation change. Any comments on how it will affect Schneider?

- Udai Singh:** I do not know, which specific one you're talking about, but if you're talking about type test validity, that is the one which actually -- it will actually give -- it will have a positive impact if you are asking about that one, not only for Schneider, but the entire set of people who actually are operating in this field. So it is more -- the government is trying to get -- or rather there is a draft if that's what you are referring to, where as to how do we -- what should be the period of the validity of the type test on a certain equipment, if that is the one.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** My first question is, sir, how do you approach a client for -- because Schneider provides -- Schneider has so many products, right? For example, let's say, a data centre guy, right? He needs a host of products, and we as a -- we provide certain products and then there's cooling product, then there are some other low-voltage products. So how does Schneider approaches the client? How does the sales happen? How do you collaborate with these other entities of Schneider?
- Udai Singh:** Thanks, Mr. Mohit, and thank you for asking this. Wonderful question. You are absolutely right. And that is what we also believe that we should give and full Schneider portfolio to have what we call as one SE experience by the customer. Now absolutely on the dot, which you are saying.
- If someone -- if you were the one who actually had to put a data centre, our teams, we would have approached you and would have told you as to what is going to be the power system distribution along with cooling equipment, right from the time when you receive power from the grid at, say, 132 kV by putting a transformer and going to the right end, which is you're absolutely right on the LV distribution piece, fully engineered, fully optimized and fully laded with software so that the maintenance part, the energy consumption part is very well taken.
- So if you ask me, is the transformer is the main receiving equipment, if you come to data centre building, you talk about the power distribution, you talk about chillers, you talk about HVAC, you talk about other fans, you talk about LV busways, you talk about LV switchboards and you can -- so it's a full comprehensive solution, which is along with it, you talk about DMS system, you talk about UPS, you talk about everything. So Schneider as a group actually can offer multi -- many multi solutions and offers, which actually can cater to a data centre developer, hyperscalers. So that's what we do.
- Mohit Kumar:** Understood. My second question is on the -- I see a lot of 11-kilovolt ring -- you have won in this quarter. Is this related to the way the RDSS has -- RDSS, a reform development scheme of the government of India is panning out? And are you very optimistic that this kind of orders will only increase in the next 12 to 18 months?
- Udai Singh:** I'm sorry, Mr. Mohit, I was not -- you are not very much audible to me. Can you repeat it? I'm so sorry.
- Mohit Kumar:** Let me just repeat. The reform development scheme of the Government of India for the DISCOM is being rolled out, right, as you speak. Are you seeing the higher inquiry from the DISCOMs or let's say, EPC partners for those -- for your products?

- Udai Singh:** Yes. In fact, that stays as the mainstay, Mr. Mohit, of our business. Now one of the major drivers is this RDSS scheme perhaps which you are referring to, which talks about INR300,000 crore lakhs of investment in India. And that certainly gives us impetus to people like us. And where the play of -- if you recall, the scheme is essentially around 2 things. One is how do we strengthen the already existing network? How do you augment the network?
- And when I say augmentation, it also means how do you digitalize the network so that it becomes more efficient. And eventually, the AT&C losses, which are standing at 15.4% goes down to about 12% at the India level. Now this certainly does, if the question is, does it give us some extra amount of business or continued business? The answer is, yes.
- Now what it typically also depends is which state is investing, which is sort of, I would say, affected by the political situation of the state. And at times, there is a deferment of certain projects or certain elements, which do happen. But overall, if you really ask me, the answer to your question is yes, this scheme helps us out.
- Moderator:** The next question is from the line of Aditya Deorah from Divisha Investments.
- Aditya Deorah:** Sir, in our parent's commentary, it was mentioned that the energy part of the business for India grew double digit, while the industrial automation was down year-on-year for the India unit. So is it similar for us? Or is there a variance for our operations?
- Udai Singh:** Aditya ji, thank you. And it is quite similar. See, industrial automation may be slightly different, and it is a bit low, I would say, because when the such announcement is done or things are declared, it is declared for the entire automation, industrial automation space. Now this company of yours typically do what is around the substation automation. We are not into discrete selling of automation components.
- Now for us, it is always business as usual. It hasn't seen a dip, or it hasn't changed from the normal energy management perspective. But I think the statement, which you are referring to, it comes from a larger domain, which encompasses everything and all aspects of industrial automation, even including discrete component supply of industrial automation products. But for this company, it is virtually the same, the normal one, which happens.
- Aditya Deorah:** Okay. And sir, for last few years, if we see the sales CAGR that we are doing, it's around 20%. So my query comes with respect to the Calcutta factory. So would we see a leg up in the sales growth once the factory is established? Or should we model the 20% CAGR that we are seeing, or we have been seeing for the last 3 years going ahead?
- Udai Singh:** Aditya ji, I'm very positive about it, but I'm not in a position to give you some insight as to how the future numbers will going to look like. Calcutta is going to have a positive impact on us. But how will it impact the run rate of 20%, not in an actual situation to tell you as of now.
- Aditya Deorah:** Perfect. Sir, just one more request. Our parent would have its India Investor Day, I'm sure you know about it on December 7 or the first week of December. If you can accommodate some of the India analysts or investors, it would be great. And if it's not possible, then at least the text

that you would be sharing with the global investors, if it could be shared with the Indian investors, it would be great on your part.

Udai Singh: Noted Aditya ji. We'll do whatever is...

Moderator: The next question is from the line of Nemish Sundar from Elara Capital.

Nemish Sundar: Congratulations on a good set of numbers. Sir, just continuing of the last participant's question on the Kolkata factory, like could you let us know the status of the factory? Like is it on track to be commissioned? I think you said, by April of the next year. So is that on track?

Udai Singh: Nemish ji, first of all, thank you. And second is, it's almost on track. It is actually coming up sometime around the first quarter of next year. That will happen. And it will perhaps start maybe in the last quarter of this year, and we will sort of conclude the other -- installation of other furnaces by Q1 next year. That's the plan, so it's overall on track.

Nemish Sundar: Okay. Fine. That's great to know. And my second question is, sir, I just wanted to understand like I think we have been adding some channel partners recently instead of directly taking orders from DISCOM. So as of now how is the split in H1 in terms of channel partners' contribution versus the direct orders contribution? If you could just highlight something on that?

Udai Singh: I think we may get back to you, Suparna has this fine detail. But otherwise, it actually typically is -- see, there are 2 ways to measure it, Mr. Nemish. One way is how many assets are we supplying through channel versus how many assets do we supply direct. That is one way of looking at it and which is the most important and relevant way instead of getting into the volume in rupee crores.

Now because finally, your company is actually trying to see as to how do we penetrate and saturate this market with our products. And therefore, we have decided to actually -- and there's a very, I would say, back-end work, which goes in terms of identifying and slotting, which one will be served through a partner, and which one will be served directly.

Now if you typically ask me the number in this half year, I may not be absolutely correct. Suparna -- under control of Suparna, it would be typically, I would say, maybe 2:1, 2 in favour of license partner. That's what we have done in H1 in terms of number of assets.

Moderator: The next question is from the line of Viraj from Jupiter Financial.

Viraj: Congratulations for the good numbers. Sir, my question is, how do you see the business environment going forward from here? What's your sense on the industry?

Udai Singh: Raj ji, first of all, thank you for having faith in us. Now we see India is at a right point in time, at the right cusp, if you ask me. It's actually, they are -- the business and the segments, which were there since last about 7, 10 years, they continue to be there. What we additionally see is the new emerging landscape.

Now this new emerging landscape will hit us maybe in coming years, may not be exactly the way we feel they will come, but plus/minus 1 or 2 years here and there, it will certainly come. And these are multipole. These are solar, the EV, the storage, the data centres, these are the elements, which were non-existent if you really ask me in 2015, '17. But now what existed in '15, '17, '18, '19 around COVID, that stays, and we are seeing these additional revenues, which actually will drive India future.

Now what I -- what is very difficult to ask is whether the EV story will happen by the time it has been projected for 2030, 30% penetration? The answer, I don't know. But what I certainly know, if not in 2030, it will happen in 2032. So the business high level is good. India is bullish. We are bullish. We are trying to see as to how do we leverage these evolving business opportunities by the right solutions by driving the right thought leadership, talking about what is good for India with customers and other stakeholders is something, which is very relevant.

So we are doing 2 things, if you ask me, Mr. Raj. One, trying to adapt ourselves, trying to see as to how can we really be there on the right time for those customers who are exploring these new technologies. Second, we are also trying to help advocate these new technologies with the right policymakers who are trying to derive right policy charters in India for these emerging landscapes. So these are the 2 things which we are trying to do. I do not know whether I've answered you, Mr. Raj, but this is how India is on high level, good.

Viraj: Sir, my second question is, does Schneider has played battery storage -- or did Schneider has its play on the battery storage in India?

Udai Singh: Yes, we do have. We do have -- battery storage is a complex affair, as Mr. Raj, you may know. We have solutions, which we call as behind the meter and front of the meter. And we are developing -- battery storage is not great. What we are trying to be is talking about what different approach we bring to battery storage. That is something, which we are discussing, we are talking about, and we are sort of -- we are going to have a decent play in that in time soon.

Viraj: And sir, my last question is on the breakup of sales and order book, which is for Suparna ma'am.

Suparna Bhattacharyya: Yes, please.

Viraj: Yes. Ma'am, can you give me a breakup of your order book and sales?

Suparna Bhattacharyya: In terms of the specifically systems transactions, etcetera?

Viraj: And intergroup orders.

Suparna Bhattacharyya: And also?

Viraj: IG, intergroup orders.

Suparna Bhattacharyya: So we have the breakup for Q2: systems is at 70%, transaction 19%, services 11%, and group company is 21%.

- Viraj:** This is order book breakup or the sales breakup?
- Suparna Bhattacharyya:** This is the sales breakup.
- Viraj:** Okay. And the order book breakup would be now?
- Suparna Bhattacharyya:** Just a minute. Okay. So the order intake is: equipment is at 47%, projects at 13%, transaction 23%, and services 17%.
- Viraj:** And intergroup?
- Suparna Bhattacharyya:** Intergroup, we do not capture orders as such, but it is -- the indicated number is close to INR125 crores.
- Moderator:** The next question is from the line of Rohit Maheshwari: from Tata AIG.
- Rohit Maheshwari:** Congratulations for a good set of numbers. Sir, my first question is, can you give some sense from the first half of the total order, how much will be from the private versus public? And because of H1 FY '25, there was election year. So like do you see the H2 better than H1, like in terms of order pipeline?
- Udai Singh:** Rohit ji, thank you for asking this. I would not have a right split, but typically, we are exposed to about 40%, plus/minus 5% here and there, with government. And just one thing I wanted to call out because our -- being a project business, we come into play essentially a few days or a few months later than the project is financially closed. What I mean by this is most of the jobs that you see are done through large contractors.
- So the processes is tendered by government when it talks specifically about 35%, 40%, where I say, end used by government is won by a contractor and then contractor places -- he designs, he actually engineers the solution, which is required as per the government requirement and then it comes to us and then we supply.
- So if you hear something happening now, probably by the time it comes on our table is maybe about 9 months to 15 months away. That's one. Two, H2 is always better. H2 is always better historically for any company, and we are no different because there is a lot of impetus on actually capitalizing it. And there's a reason why people and the users or the buyers or the end use trying to expedite their timeline so that they receive the equipment in March. And that's the reason why H2 typically, we have always seen a shape better than H1. So -- and I'm seeing this year will perhaps be no different. We'll be somewhat doing something similar.
- Rohit Maheshwari:** Okay. Like when we see that for an example, quarter 3 FY '25 is a good robust quarter for government ordering. For us, it should be reflected in quarter 4. So like if my understanding is correct, so this is the right way to understand?
- Udai Singh:** Not -- because there is no such rocket science, we can't have a numerical formula in trying to give you. But very typically, this -- any quarter, is somewhat similar in behaviour. It gets impacted a bit by some things happening at, I would say, political level. But otherwise, typically, it follows the same cyclical order as any quarter perhaps in the previous years I've

seen. So when you ask me that if Q3 is what the kind people say whether the Q4 will drive those orders, it is very difficult to predict, Mr. Rohit, as of now.

Rohit Maheshwari: Okay. Sir, second is, can you give a sense, like, for example, today in India, if a data centre requires close to like between INR50 crores to INR60-odd crores for 1 megawatt, what will be the TAM for us in that INR60 crores, INR70 crores type of cost for us?

Udai Singh: What would be what, Mr. Rohit?

Rohit Maheshwari: Yes. Currently, in India, if you see the data centre cost for setting up 1 megawatt is close to INR60 to -- like it's between INR50 crores to INR70 crores. So I would just want to understand that what is our, Schneider, addressable TAM in that INR60 crores to INR70 crores?

Udai Singh: Yes. Rohit ji, I wish I had that calculator. But see, it is -- it, again, cannot have a straight answer. I'll try to explain you in 1 minute because when you say this data centre, it requires 3 things: one is the land itself; second, power and water. Now it really depends as to how their distribution is? What is their incoming power level at which the feeder is being taken? How they are distributing it?

Whether they are going to keep 11 kV distribution, 33 kV distribution within the data centre building? So typically, it actually is a combination of all. There are times where our number per megawatt of industrial load is actually -- is a bit different, depends on what configuration a hyperscaler is trying to put up the data centre at.

But -- and it's varying because if I tell you INR10 crores per this one, I would be actually wrong because it really depends on a specific configuration. So it's very difficult to give you a ballpark number in terms of how much business potential will a data centre throw up per megawatt of IT load. Very difficult. So -- but what I'm saying is, with all the hyperscalers, with all the colo developers, we actually are -- we are connected. We are supplying various equipment from this company. So I mean, data centre does offer a very positive thing going forward for us.

Rohit Maheshwari: Okay. Just one last question, if I can ask, is like can you -- because to get a sense, can we get like what is the order bidding or order pipeline as of now stands so that we can get a sense that like what type -- like how is the -- how can the growth materialize over the next 6, 8 months or like maybe 1, 2 years? So can you give that sense?

Udai Singh: We are positive, Mr. Rohit. We are trying to build up the right order book. When I say right, we are trying to see as to which are the projects, which are sort of -- which are beneficial to the company, we are exploring and venturing into that area. Now the good part is that we do see a lot of projects in the country, which allows us to be a bit choosy, I would say. And we are picking up. And my sense is that this journey of growth is sustainable for companies like us. And we are counting on the evolving India and the type of investment, which India sees in 5 to 10 years from now. So it actually is like this.

Suparna Bhattacharyya: Yes, perhaps to add and give you confidence on how we are in terms of pipeline opportunities. One good indicator for this is the order backlog. What I mentioned that we are at INR1,389 crores, we are up by more than 14% as compared to last year. So our order booking tracking actually gives us the confidence for future sales, etcetera. So that is one thing, which you can bank upon.

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

Manish Goyal: Congratulations on very good numbers on both P&L and balance sheet, and it was quite commendable to see very strong cash flow generation in the quarter and cash position improving significantly, ma'am. Special congratulations to Suparna ma'am. I just want to know like probably, is there anything specific, which would have led to a jump in our cash flow, and can we expect it to be sustainable going forward?

That was my first question. My second question is on -- if you can give us a perspective, how is exports doing for us? What is the outlook? And what is the current revenue share? If you can provide some perspective, are we probably looking at some of the products? Like I believe definitely, once vacuum interrupters factory comes up, definitely, that will help. But beyond that, how is exports doing for us and what are the prospects?

And my third question is on capacity utilization for our core products, transformers and switchgears. And are we also looking at increasing capacities in these products? And what is the capex plan? And my -- sorry, my fourth question is on services business. So we definitely, as per the revenue -- as the order inflow breakup shows that services intake seems to be quite strong at ranging between 17% to 19% for last few quarters. But somehow probably the revenue share continues to be 11% to 13%. So if you can help me improve -- provide perspective on that as well.

Suparna Bhattacharyya: Okay. I'll take the part of your fourth question, and then I will request Udai to add on. So for export, we have been -- out of our total sales, we have been 14% of that approximately contributes -- comes from the exports. Regarding the better cash flow, there has been a lot of focus in terms of having better payment terms for the last, say, 1 year as we are evolving to improve our cash position. Our -- a lot of impetus on getting on-time collections. If the collections are a little delayed, we are practically camping at customer sites to get those collections, and inventory management has been better. Our payables management have been better.

So all put together and not forgetting the cash, which is coming from the good profitability that we have. So all these things are contributing for a better cash flow. I hope that suffices your answer. With respect to maybe capacity utilization, Udai, you can comment and also on the services part.

Udai Singh: Manish ji, I'll be quick because we are almost at top of hour. In fact, we have exceeded by 2 minutes. And we are ramping up our capacities as we see our needs going forward in the plants, number one. Number two, the services piece is cyclic. And the focus stays on services

for the business because that is where we differentiate ourselves in terms of giving a value-add services to our clients.

One quarter here and there doesn't matter. But overall, our objective and alignment is to drive more and more services fees purely propelled by a new offer, which we have lost, which is EcoCare, I'm sure Mr. Manish, you may be aware.

Manish Goyal: Yes, yes.

Udai Singh: So these two things. And if there are any further details, I think perhaps we will connect with you later. And my summation is that maybe perhaps we have crossed the time, so we might perhaps like to connect...

Manish Goyal: I just want to clarify the revenue breakup provided by Ms. Banerjee was for the quarter 2 or half 1?

Suparna Bhattacharyya: I'm sorry, can you please repeat your question?

Manish Goyal: No, I'm asking that revenue breakup what you provided, 70%, 19% and 11%, was it for quarter 2? Or was it for first half, ma'am?

Suparna Bhattacharyya: This is all for quarter 2.

Moderator: I now hand the conference over to Mr. Harshit Kapadia for closing comments.

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

Udai Singh: I would like to thank you for joining us, for having confidence in the management. Just wanted to assure that we are trying to be at the right places at the right time with the right offers, right teams. And thanks again for joining and see you next time, maybe another about 90 days away. And I wish a lot of festivities, a very Happy New Year, a very Happy Christmas going forward to all of you and your families. Thank you so much.

Suparna Bhattacharyya: And thanks to Harshit and team Elara for your support.

Udai Singh: Thank you.

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