

**SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED**

Momentum sustained, Outlook positive despite backlog moderation

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Schneider Electric Infrastructure Ltd (SEIL) continues the momentum with posting strong set of numbers. Revenue increased by 24.4% YoY to ₹5.9 bn driven by growth in key segments such as data centers (About 15% (+/- 3%) of the revenue), photovoltaics (PV), and resilience. Order backlog rose 2.2% YoY to ₹12.5 bn, driven by growing transactional business momentum and strong Q4 deliveries, which typically reduce backlog buildup. Inflows of ₹7.6/26.9 bn in Q4/FY25, were supported by key wins in core segments, including advanced transformers, smart switchgear, and solutions for utilities, industrials, and renewable projects.

Management announced ₹1.9 bn capacity expansions at Vadodara and Kolkata plants to meet growing demand, with phased additions by FY26–FY27. Existing plant capacity utilization is near 90%, but ongoing capex will expand capacity by FY26-27 with phased ramp-up. Meanwhile, management expects to boost output this year by increasing workforce or shifts, so current utilization won't limit near-term growth.

The company continues to drive innovation with advanced, digital, and sustainable product offerings. New solutions include DERMS, GIS for grid management, and micro grids for bi-directional energy flow. AI-enabled systems like ADMS, EcoCare, and cybersecurity solutions enhance digitalization. SEIL continues to drive innovation with advanced, digital, and sustainable product offerings. New solutions include DERMS, GIS for grid management, and microgrids for bi-directional energy flow. AI-enabled systems like ADMS, EcoCare, and cybersecurity solutions enhance digitalization. SEIL also launched cutting-edge technologies, including the digital SS63 GMA set.

The company seeks to maintain its growth trajectory while safeguarding margins by enhancing operational efficiency, being selective in order acquisition, and prioritizing higher-margin segments such as services and transactional business. With government policies and incentives, expansion in capacities and robust order book SEIL is poised for strong growth. Given the performance in FY25, we have tweaked our estimates in EBITDA margins and continue to maintain **BUY** rating with a TP of ₹810 at 48x multiple of FY27E EPS.

Key Financials	FY 23	FY 24	FY 25	FY 26E	FY 27E
Total Sales (₹ mn)	17,772	22,067	26,367	32,520	36,879
EBITDA Margins (%)	9.4	13.4	14.5	14.8	15.8
PAT Margins (%)	7.0	8.0	9.5	9.9	10.9
EPS (₹)	4.5	7.4	11.2	13.5	16.8
P/E (x)	154.1	94.7	62.3	51.6	41.4
P/BV (x)	110.5	56.4	29.7	18.9	13.0
EV/EBITDA (x)	102.5	57.7	44.0	34.7	28.2
RoE (%)	132.1	78.8	58.3	44.7	37.1
RoCE (%)	26.7	40.7	44.7	41.7	39.0

**BUY**Current Market Price (₹) : **698**12M Price Target (₹) : **810**Potential Return (%) : **16****Stock Data**

Sector :	Capital Goods / MNC
Face Value (₹)	2
Total MCap (₹ bn)	166
Free Float MCap (₹ bn)	41
52-Week High / Low (₹)	980 / 540
BSE Code / NSE Symbol	534139 / SCHNEIDER
Bloomberg	SCHN IN
Sensex / Nifty:	81,552 / 24,826

**Shareholding Pattern**

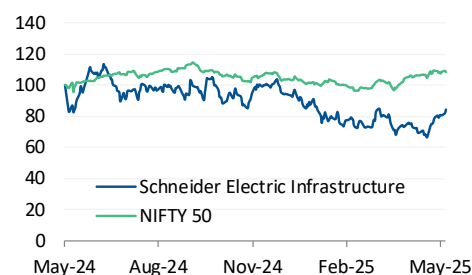
(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	75.00	75.00	75.00	75.00
FPIs	3.00	2.98	2.66	1.96
MFs	2.21	2.16	1.94	1.75
Insurance	0.79	0.77	0.76	0.76
Bodies Corporate	1.76	1.84	2.08	2.31
Others	17.24	17.25	17.56	18.22

Source: BSE

**Price Performance**

(%)	1M	3M	6M	12M
SCHNEIDER	15.4%	8.7%	-15.9%	-15.6%
Nifty 50	3.3%	10.1%	2.3%	8.3%

\* To date / current date : May 27, 2025

**SCHNEIDER vs Nifty 50**

### Result Snap shot

Revenue in Q4 was ₹5.9 bn (+24.4% YoY) led by growth in transactional segment. Gross margins which were consistently at 38% since last three quarters were lower by -210bps YoY attributed to a tweaking in the transactional business mix. EBITDA reported in Q4 at ₹867 mn (+6.1% YoY) with a margin of 14.8% (-70 bps YoY). Other expenses increased by 15.3% YoY. This increase is largely proportional to sales increase and also due to investments in marketing, branding, building internal capability, and training. PAT grew exponentially 1,272% YoY to ₹546 mn, mainly due to the impact of tax adjustments in previous year. Approximately 18% of total sales are to group companies, and this percentage is expected to remain in a similar range. Order intake in Q4/FY25 grew by 11%/13.4% YoY to ₹7.62/26.9 bn. On cashflow front, CFO grew by ~63% YoY to ₹3.1 bn with FCF of ₹2.45 bn (+85% YoY).

### Capacity Boost

SEIL announced two major capacity expansion investments to support market growth. At the Vadodara plant, ~₹1 bn will be invested to increase panel capacity from 8,000 to 14,000 units by FY26–FY27, with phased additions over 1–2 years. At the Kolkata plant, ~₹900 mn will be invested to boost breaker capacity from 5,000 to 45,000 units via a new green field facility in Dankuni, also completing by FY26–FY27. Both projects will be funded primarily through internal accruals, with potential borrowings based on timing. The expansions reflect confidence in demand for current and next-gen products, targeting both domestic and international markets.

### Quarterly performance

(₹ mn)	Q4FY25	Q3FY25	QoQ (%)	Q4FY24	YoY (%)
Revenue	5,869	8,572	(31.5)	4,718	24.4
RM Cost	3,640	5,339	(31.8)	2,827	28.8
Gross Margin(%)	38.0	37.7	30bps	40	-210bps
Employee cost	762.3	770.5	(1.1)	639	19.4
Other expenses	599.5	1,061.2	(43.5)	520	15.3
EBITDA	867	1,402	(38.2)	732	18.4
Margin(%)	14.8	16.4	-160bps	15.5	-70bps
Depreciation	64	68	(6.8)	55	15.2
Finance Cost	129	109	18.3	324	(60.1)
Other Income	57	73	(22.1)	36	57.3
PBT	731	1,298	(43.7)	390	87.7
Tax	185	369	(49.8)	350	(47.1)
Tax Rate(%)	25.3	28.4	(11.0)	89.8	(71.8)
PAT	546	929	(41.2)	40	1,272.1
Adjusted PAT	546	929	(41.2)	40	1,272.1
APAT Margin (%)	9.3	10.8	-150bps	0.8	850bps
Adjusted EPS	2.3	4.6	(50.6)	0.1	1,564.9
Extraordinary income	-	177	-	-	-
Reported PAT	546	1,105	(50.6)	40	1,272.1

Source: Company, LKP Research

### Key Highlights from Earnings Call

- **Macro Outlook:** Management sees India entering a phase of stable growth, with GDP holding around 6.5% and key indicators like capital investment and industrial production showing consistency. While private sector CapEx announcements for FY26 are down ~10–12% YoY, falling inflation (3.1%) may spur demand.
- Despite global trade uncertainties, the company remains resilient. The broader outlook is shaped by megatrends such as energy transition (renewables, green hydrogen, nuclear, storage), digitalization (AI, data centers, PLI support), and sustainability (e-drive, green steel, net zero push), all backed by strong government initiatives.
- **Leveraging Key Market Megatrends:** SEIL is actively aligning its strategy and offerings with major trends shaping the Indian market, including Energy Transition (renewables, green hydrogen, battery storage), AI & Digitalization (data centers, digital economy), Sustainability, and Viksit Bharat.
  - **Energy Transition:** Including renewables, green hydrogen (supported by the National Green Hydrogen Mission), nuclear energy (with planned small modular reactors), and battery energy storage systems (supported by the VGF scheme).
  - **AI and Digitalization:** Driven by the digital economy, government schemes like the production-linked incentive scheme for digitalization (₹760 bn), and strong growth in data centers due to sheer population and increasing data usage (currently ~25 gigabytes per month per person).
  - **Sustainability and Viksit Bharat:** Supported by government spending on schemes like e-drive (₹110 bn) and the green steel taxonomy/mission (₹150 bn), all aimed at India's net zero plan by 2070. This also includes efforts towards indigenization
- **Driving Growth through Partners and Services:** There is an increasing emphasis on leveraging the transactional business model through distributors and panel builders, which offers quicker order execution and improved profitability, alongside promoting the services business.
- **Innovation and Technologically Advanced Products:** SEIL is continuously innovating and launching new, advanced products manufactured in India using Schneider technology. Recent examples include SF6 Free equipment (RM AirSeT, GM AirSeT – RM AirSeT won an award for Most Innovative Product), advanced distribution management systems (DERMS, ADMS), microgrids, solutions for EV charging (DELMS), and digitalized transformers.

## Income Statement

(₹ mn)	FY24	FY25	FY26E	FY27E
<b>Total Income</b>	<b>22,067</b>	<b>26,367</b>	<b>32,520</b>	<b>36,879</b>
Raw material Cost	13,979	16,305	19,902	22,496
Employee Cost	2,711	3,015	3,740	4,130
Other expenses	2,419	3,220	4,065	4,425
Total operating Expenses	19,109	22,539	27,707	31,052
<b>EBITDA</b>	<b>2,958</b>	<b>3,828</b>	<b>4,813</b>	<b>5,827</b>
<b>EBITDA Margins(%)</b>	<b>13.4</b>	<b>14.5</b>	<b>14.8</b>	<b>15.8</b>
Depreciation & Amortisation	221	254	326	369
<b>EBIT</b>	<b>2,737</b>	<b>3,574</b>	<b>4,486</b>	<b>5,458</b>
Interest	689	493	471	446
Other Income	93	246	293	369
Recurring PBT	2,141	3,327	4,309	5,381
Add: Extraordinaries	41	177	-	-
<b>PBT</b>	<b>2,182</b>	<b>3,504</b>	<b>4,309</b>	<b>5,381</b>
Less: Taxes	380	825	1,077	1,354
<b>Net Income (Reported)</b>	<b>1,803</b>	<b>2,679</b>	<b>3,231</b>	<b>4,026</b>
<b>Adjusted Net Income</b>	<b>1,762</b>	<b>2,502</b>	<b>3,231</b>	<b>4,026</b>

## Balance Sheet

(₹ mn)	FY24	FY25	FY26E	FY27E
<b>Assets</b>				
Total Current Assets	11,485	14,273	18,622	23,339
of which cash & cash eqv.	473	2,584	3,797	6,603
Total Curr. Liabilities & Provs	8,657	9,395	11,837	13,508
Net Current Assets	2,828	4,878	6,785	9,831
Net Fixed Assets	4,012	4,194	5,367	6,198
Capital Work-in-Progress	318	860	860	860
<b>Total Assets</b>	<b>7,158</b>	<b>9,931</b>	<b>13,012</b>	<b>16,889</b>
<b>Liabilities</b>				
Borrowings	4,133	4,278	4,128	3,978
Deferred Tax Liability	64	34	34	34
Equity Share Capital	478	478	478	478
Face Value per share (₹)	2.0	2.0	2.0	2.0
Reserves & Surplus	2,484	5,141	8,372	12,398
<b>Net Worth</b>	<b>2,962</b>	<b>5,619</b>	<b>8,850</b>	<b>12,877</b>
<b>Total Liabilities</b>	<b>7,158</b>	<b>9,931</b>	<b>13,012</b>	<b>16,889</b>

## Key Ratios

YE Mar	FY24	FY25	FY26E	FY27E
<b>Per Share Data (in ₹)</b>				
AEPS	7.4	11.2	13.5	16.8
CEPS	8.5	10.8	14.9	18.4
BVPS	12.4	23.5	37.0	53.9
<b>Growth Ratios (%)</b>				
Total Revenues	24.2	19.5	23.3	13.4
EBITDA	76.4	29.4	25.7	21.1
PAT	42.5	42.1	29.1	24.6
AEPS	42.5	42.1	29.1	24.6
CEPS	81.4	27.5	37.9	23.6
<b>Valuation Ratios</b>				
P/E	94.7	62.3	51.6	41.4
P/BV	56.4	29.7	18.9	13.0
EV / EBITDA	57.7	44.0	34.7	28.2
EV / Sales	7.7	6.4	5.1	4.5
<b>Operating Ratio</b>				
Raw Material/Sales (%)	63.3	61.8	61.2	61.0
Other exp/Sales (%)	11.0	12.2	12.5	12.0
Effective Tax Rate (%)	17.4	23.5	25.0	25.2
NWC / Total Assets (%)	32.9	23.1	23.0	19.1
Inventory Turnover (days)	49.1	46.9	50.0	50.0
Receivables (days)	108.5	92.3	95.0	95.0
Payables (days)	76.4	69.3	70.0	70.0
D/E Ratio (x)	1.4	0.8	0.5	0.3
<b>Return/Profitability Ratio (%)</b>				
RoCE	40.7	44.7	41.7	39.0
RoNW	78.8	58.3	44.7	37.1
PAT Margins	8.0	9.5	9.9	10.9
EBITDA Margins	13.4	14.5	14.8	15.8

## Cash Flow

(₹ mn)	FY24	FY25	FY26E	FY27E
PBT	2,100	3,504	4,309	5,381
Depreciation	221	254	326	369
Chng in working capital	(1,343)	(131)	(695)	(240)
<b>Cash flow from operations (a)</b>	<b>1,894</b>	<b>3,079</b>	<b>3,334</b>	<b>4,601</b>
Capital expenditure	(1,212)	(1,000)	(1,500)	(1,200)
<b>Free cash flow</b>	<b>682</b>	<b>2,079</b>	<b>1,834</b>	<b>3,401</b>
Other investing activities	(570)	(627)	(1,500)	(1,200)
<b>Cash flow from investing (b)</b>	<b>(570)</b>	<b>(627)</b>	<b>(1,500)</b>	<b>(1,200)</b>
Interest paid	(326)	(305)	(471)	(446)
Others	(20)	1	-	-
<b>Cash flow from financing (c)</b>	<b>(1,045)</b>	<b>(304)</b>	<b>(621)</b>	<b>(596)</b>
<b>Net chng in cash (a+b+c)</b>	<b>279</b>	<b>2,148</b>	<b>1,213</b>	<b>2,806</b>
<b>Closing cash &amp; cash equivalents</b>	<b>473</b>	<b>2,584</b>	<b>3,797</b>	<b>6,603</b>

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