



Digitising and Connecting the New World of Energy

Schneider Electric Infrastructure Limited
ANNUAL REPORT 2016 - 17

<http://infra.schneider-electric.com/in/>

Life Is On

Schneider
Electric

> Board of Directors & Key Managerial Personnel



From Left to Right

- | | |
|--|---|
| 1. Mr. Arnab Roy
Chief Financial Officer | 6. Mr. Anil Chaudhry
Director |
| 2. Ms. Sonali Kaushik
Director | 7. Mr. Vishar Subramanian Vasudevan
Independent Director |
| 3. Mr. Ranjan Pant
Independent Director | 8. Mr. Sugata Sircar
Director |
| 4. Mr. Prakash Kumar Chandraker
Managing Director & CEO | 9. Mr. Anil Rustgi
Company Secretary & Compliance Officer |
| 5. Mr. Vinod Kumar Dhall
Chairman & Independent Director | 10. Mr. Vivek Sarwate
Whole-time Director |

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> Message from Chairman



I am happy to present the Annual report of Schneider Electric Infrastructure Limited (SEIL) for the Financial Year 2016-17 to our valued shareholders. The Board and management team strongly believe that we are on the right strategic path in the current economic environment. India's economy has faced subdued demand combined with liquidity challenges over the past few years. The good news, however, is that there is a positive sentiment and the economic and tax reforms that have been undertaken are expected to lead over time to sustainable long-term growth.

In the power sector, the government has made its goal clear, to develop the sector and provide 24x7 uninterrupted power for all by enhancing the reliability of the distribution grid and reducing the AT&C losses. The government's emphasis on infrastructure as a critical priority and its push toward the much-needed financial turnaround and revival of power distribution companies (DISCOMs) is reflected in various initiatives like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), the Integrated Power Development Scheme (IPDS) and the Ujwal DISCOM Assurance Yojna (UDAY). However, some challenges remain and it will take some time for the improvements in the power distribution sector to become visible.

Some major achievements of your Company during the year are mentioned below:

- **Bench mark order:** The first integrated green field smart city order in India was secured by your company from the New Raipur Development Authority (NRDA). This will help to create a benchmark in integrated and effective management of city subsystems to improve the quality of public services.
- **Operational excellence:**
 - o Digitisation of supply chain processes to bring traceability of products and components in the complete value chain.
 - o 'My SE' application was launched for customers to track and trace the deliveries of their orders.

- o Smart remote inspection process was launched at the Kolkata works to facilitate efficient factory acceptance test from the customer's remote locations. This has helped to reduce overall delivery lead time and carbon foot print for our customers.

- **Quality:** Your Company has been awarded the "World Quality Congress Award" for partnering in the quality process with customers.
- **E-house (factory built substation):** your Company has successfully commissioned digitally enabled E-House in Orissa and Mumbai to fulfil the vision of 24X7 quality power supply of Utility.

Your Company continues its focus on creating value to its customers through innovation and application of intelligent technologies in the field of advanced grid management and Smart City. Your Company has gained valuable experience in implementation of real time Grid of Things (GOT) and Internet of Things (IOT) technologies in the last 2 years and is presently implementing advanced Smart City solution under NRDA project. Your Company is continuously enhancing its technological capabilities in the promising business area of smart city.

To meet the emerging challenges and to benefit from the new opportunities in India's fast evolving economic and infrastructural scenes, the Company continues to focus on innovative solutions, customer satisfaction and employee engagement as a part of its growth philosophy.

I would like to thank all our shareholders, customers, suppliers, communities and other stakeholders for their continuing and unstinted support to the Company during the year. I would also like to thank all the employees, and my colleagues on the Board of Directors, for their tireless commitment to enhance the performance and health of the Company.

Vinod Kumar Dhall
Chairman

> Message from Managing Director



The power sector in India is seeing a situation where the demand and supply gap has narrowed, the focus now is on quality and reliability of supply of power. Reliability of power supply is affected by several factors like - transient faults, harmonic distortion, health of distribution network including the level of digitisation. Use of technologies like self-healing and advanced grid solutions can help to tackle the issue of reliability and power quality. The power sectors move towards the Grid of Things and Internet of Things are the right steps towards the development of the grid for uninterrupted power supply by enhancing the reliability of the grid.

In 2016-17 the market continued to be challenging and we saw major financial stress in the industry. As part of its Energy Rebound Programme the management has re-evaluated recoverability of trade receivables based on various factors including passage of time and specific financial and liquidity conditions of certain customers. Based on best estimates it has recorded a provision of 1,377 MINR during the year. We are cautious and selective in term of customers while building the healthy backlog in line with our strategy. Our world is becoming more electric, more connected and more distributed. As a leader in technology innovation and energy management, your company has the opportunity to leverage the demands of this changing world effectively.

Your company's state-of-the art EcoStruxure™ solution is a unique and powerful platform for co-innovation to solve the issues and challenges of

energy grid. The EcoStruxure™ solution consists of three layers. The first layer is focused on 'datafication' of identified assets through connected products and sensors. At the second layer specialised operations technology software is provided to collect, store and analyse the data for effective monitoring and control called Edge Control and at the third layer, advanced grid software applications with highly sophisticated analytics are provided by leveraging Internet of Things(IoT) Solutions. this solution is being deployed for the ongoing contract of New Raipur Development Authority(NRDA) Smart City Solution by your company.

Your company stands at the forefront of technological advancement and for learning from global best practices. With the engagement and support of key stakeholders we hope to be a part of this rapid growth of the country by making it a sustainable one too. The country is committed to addressing the energy dilemma which we face and we are partners in securing a sustainable future for the industry, we remain focused on our strategic initiatives around cost optimisation and growth in advanced technology solution products and services.

I would like to sincerely thank all the stakeholders, employees, customers and board members for their continued support and confidence in our business.

Prakash Kumar Chandraker
Managing Director

> Corporate Information

Board of Directors

Mr. Vinod Kumar Dhall
Chairman (Non-Executive)

Mr. Prakash Kumar Chandraker
(Managing Director)

Mr. Anil Chaudhry

Mr. Ranjan Pant

Ms. Sonali Kaushik

Mr. Subramanian Vishar Vasudevan

Mr. Sugata Sircar

Mr. Vivek Sarwate

Chief Financial Officer

Mr. Arnab Roy*

* Appointed effective 08.03.2017

Company Secretary and Compliance Officer

Mr. Anil Rustgi

Registered Office

Milestone 87
Vadodara-Halol Highway
Village Kotambi, P.O. Jarod
Vadodara- 391 510, Gujarat

Registrar & Share Transfer Agent

C.B. Management Services (P) Ltd.
P-22, Bondel Road
Kolkata-700 019

Auditors

S.R. Batliboi & Co.LLP
Chartered Accountants
Golf View Corporate Towers-B
Sector 42, Sector Road
Gurgaon 122 002, Haryana

Committees of Directors

Nomination & Remuneration Committee

Mr. Subramanian Vishar Vasudevan - Chairman

Mr. Anil Chaudhry

Mr. Ranjan Pant

Mr. Vinod Kumar Dhall

Stakeholder's Relationship Committee

Mr. Subramanian Vishar Vasudevan - Chairman

Mr. Prakash Kumar Chandraker

Mr. Ranjan Pant

Corporate Social Responsibility (CSR) Committee

Mr. Prakash Kumar Chandraker

Mr. Ranjan Pant

Mr. Subramanian Vishar Vasudevan

Audit Committee

Mr. Vinod Kumar Dhall - Chairman

Mr. Ranjan Pant

Mr. Subramanian Vishar Vasudevan

Mr. Sugata Sircar

Risk Management Committee

Mr. Prakash Kumar Chandraker

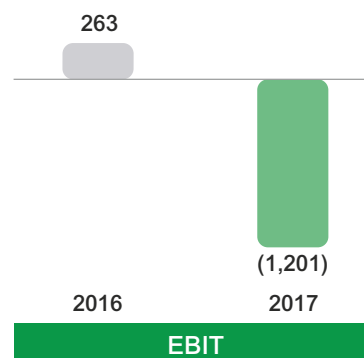
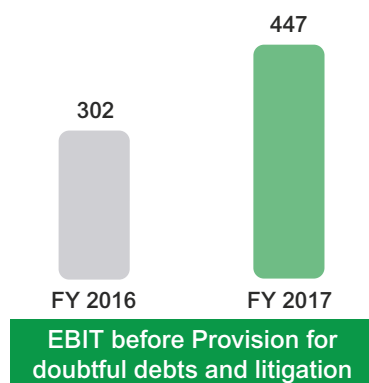
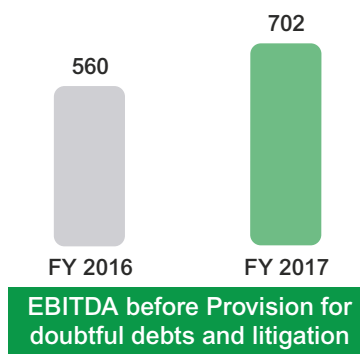
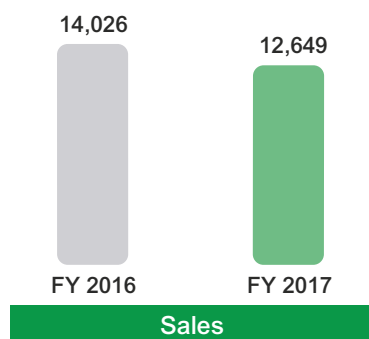
Mr. Ranjan Pant

Mr. Subramanian Vishar Vasudevan

> Financial Highlights

SCHNEIDER ELECTRIC INFRASTRUCTURE LTD.

(IN MINR)



> Directors' Report

Your Directors take pleasure in presenting herewith the Annual Report and Audited Accounts for the year ended March 31, 2017.

Financial Results

	(In MINR)	
	12M FY 2016/17	12M FY 2015/16
Sales and Services (Net)	12,649	14,026
EBITDA before Provision for doubtful debts and litigation	702	560
(As percentage of net sales)	5.5%	4.0%
Depreciation	255	258
EBIT before Provision for doubtful debts and litigation	447	302
(As percentage of net sales)	3.5%	2.2%
Provision for doubtful trade receivables	1,377	39
Provision for litigation	271	0
EBIT	(1,201)	263
Finance costs	325	428
Exceptional items	72	17
Profit after tax	(1,598)	(182)

Dividend

No dividend has been declared by the Directors for the year ended March 31, 2017, due to losses.

Performance Review

Your Company began the year with a renewed focus on profitable growth and converted the external uncertain market conditions into an internal opportunity to implement profit boosting initiatives. Indian power sector has a lot of potential to grow and advance across different stages of the delivery cycle and also at the consumption end. Though the traditional markets are still recovering, there are emerging markets which show a sign of promise. The Company has realigned itself with respect to these market trends which can provide growth opportunities in these emerging segments. The Company has dynamically responded to headwinds and local policy changes and is prepared for the much awaited tax reforms in the country. The Company has maintained its strategic priority towards profitable growth via prudent customer acquisition while offering a strong value proposition.

Your Company is continuously cautious and selective in term of customers while building a healthy backlog in line with our strategy. The Company's normal operation has improved significantly and net income before one off charges turned into positive. The recoverability of older receivables and liquidity has remained a challenge due to the market conditions. The Company has taken a one-off hit of 1,377 MINR for sticky debtors and 271 MINR for various old legal forms which turned the net income into negative.

With the market leaping towards a connected ecosystem rather than a specific standalone solution, your Company is ideally positioned to leverage its global expertise in combining IT with our proven OT to deliver completely automated and reliable solutions with augmented value

and peace of mind to our customers. The investments in development and delivery of EcoStruxure™ is a testimony to our digital and customer-centric offer strategies.

Your Company's deep industry experience and wide product and services portfolio has made it the customer's premier partner of choice. With our unique positioning in the smart products and ecosystems coupled with the increasingly reliable, safe and environmentally friendly offers, we witnessed continued support from our partners and renewed confidence from customers this year. Thus, we have not only secured our existing client base but also acquired industry leading projects in both government and private sectors. At every level in the organisation we remain committed towards sustainability, safety and satisfaction of customers and society in general.

Employees are the company's most valuable assets. Our unwavering focus on employee growth and development has been a keystone in the achievement of successful feats in a highly competitive market. Multiple training programs and employee engagement initiatives with world class content and delivery modes have helped in achieving the ambition of being a dynamic and learning organisation.

Your Company is grateful towards its shareholders, customers, employees and all stakeholders for their confidence and inspiring support to grow our business from strength to strength and meet the expectations of the future.

1.0 Our Offerings

1.1 EcoStruxure™ Grid

The **New World of Energy** built on IT/OT convergence

Megatrends: 3D equation behind profound change in the energy world

Firstly, decarbonisation - for power systems we're talking about the impact of renewables. It is predicted that over the next 15 years, **growth in variable renewable capacity will continue**. The variability of renewables means that grid-tied storage will also become a reality.

Secondly, digitisation - the internet of things has reached power systems. Millions of **automated grid devices gathering and integrating energy data** will change the face of the future grid and transform the job of grid operators

The third D is Decentralisation as power generation models are changing and where small scale solar and storage can turn consumers into prosumers and produce energy closer to where it is used.

Schneider Electric is a technology company in the **business of innovation**.

Our "advanced grid" vision of how we will **support this transformation is built on 3 pillars of innovation**. It will enable energy world players to embark on a digital journey.



At Schneider Electric, innovation is in our DNA and in every part of the energy ecosystem. We innovate in our connected products to extend communication and data-integration capacities. Our local control systems work across the grid right to its edge, with distributed generation and on the demand side enabling operational and enterprise data to be fully leveraged by powerful analytics and services.

From seamless local production and integration at the grid edge, to bridging demand and supply, EcoStruxure™ Grid increases your grid's efficiency for sustainable networks.

Apps, Analytics & Services	Edge Control	Connected Products	
<ul style="list-style-type: none"> EcoStruxure™ ArcFM EcoStruxure™ Microgrid Advisor Smart Grid analytics for efficient operations and predictive maintenance and investment plans 	<ul style="list-style-type: none"> EcoStruxure™ Substation Operation EcoStruxure™ Advanced Metering Operation EcoStruxure™ ADMS Secure, reliable and efficient grid, substation and meter management. 	<ul style="list-style-type: none"> Primary switchgear: MCset Smart Ring Main Unit Protection relays 	
<div data-bbox="380 1470 511 1554"></div> <div data-bbox="380 1554 511 1617">Monitoring and Control for Renewables</div> <div data-bbox="544 1470 675 1554"></div> <div data-bbox="544 1554 675 1617">Monitoring and Control for Renewables</div> <div data-bbox="380 1638 511 1722"></div> <div data-bbox="380 1722 511 1789">Cloud-based Microgrid Analytics</div> <div data-bbox="544 1638 675 1722"></div> <div data-bbox="544 1722 675 1789">Supply, Demand, Sustainability</div>		<div data-bbox="683 1470 815 1554"></div> <div data-bbox="683 1554 815 1617">PACIS/ Cybersecurity</div> <div data-bbox="683 1638 815 1722"></div> <div data-bbox="683 1722 815 1789">ADMS/ GIS</div>	
<div data-bbox="1003 1470 1218 1638"></div> <div data-bbox="1003 1638 1218 1789">Smart RMU</div>		<div data-bbox="1218 1470 1481 1638"></div> <div data-bbox="1218 1638 1481 1789">Easergy T300 Remote Terminal Unit</div>	