

Making Infrastructure More

SUSTAINABLE

with Software, Digitalisation and Services



Schneider Electric Infrastructure Limited
Annual Report 2021-22

www.schneider-infra.in

Life Is On

Schneider
Electric

What's Inside

1 Strategic Report

1.1	What we do at Schneider Electric	04
1.2	A Message from our Chairman Vinod Kumar Dhall	06
1.3	A Message from Ms. Namrata Kaul - Chairperson (Effective from May 21, 2022)	07
1.4	An Interview with MD and CEO Sanjay Sudhakaran, and CFO Mayank Holani	08
1.5	Board of Directors and Key Managerial Personnels	10
1.6	Corporate Information	11
1.7	Our Strategic Directions	12
1.8	Our Offerings	14
1.9	Committed to be kind to planet Earth: Internal Sustainability	16
1.10	Committed to be kind to planet Earth: External Sustainability	20
1.11	Serving our most important stakeholders: Our Customers	24
1.12	Building capacity and capabilities: Our People	28
1.13	Management Discussion & Analysis	36

2 Statutory Reports

2.1	Directors' Report	44
2.2	Corporate Governance Report	62
2.3	Business Responsibility Report	85

3 Financial Statements

3.1	Independent Auditor's Report	92
3.2	Balance Sheet as at March 31, 2022	106
3.3	Statement of Profit and Loss for the year ended March 31, 2022	107
3.4	Statement of Cash Flows for the year ended March 31, 2022	108
3.5	Statement of changes in Equity for the year ended March 31, 2022	110
3.5	Notes to Financial Statement for the year ended March 31, 2022	111



Schneider Electric Infrastructure Limited
Annual Report 2021-22

www.schneider-infra.in

Making Infrastructure More

SUSTAINABLE

with Software, Digitalisation and Services

The Indian economy's transition into a sustainable, more resilient and lower-carbon future is dependent on two technologies: Electrification & Digitalisation. Our leadership and expertise in these technologies have enabled us to cater to the accelerating demand for our products and services across industries and the supply chain.

With more intelligent energy systems, our solutions allow us to provide more value to our customers across the entire life-cycle of their investment. They also allow us to offer unmatched capabilities in bridging the physical and digital world, allowing our customers to reap the benefits of efficiency, especially in the energy distribution sector.

Moreover, as companies all over the world become increasingly motivated to become more sustainable and reduce their carbon footprint, our expertise on these fronts has allowed us to develop a full-service offering, including digital technologies that can bolster energy and operational efficiency, to support our customers at all stages of their journeys.

At Schneider Electric, we have a unique business model to support a sustainable future with long-lasting, cutting-edge digitalisation and electrification solutions.

What we do at Schneider Electric



We are leading the **digital transformation of energy management and automation** for our customers.

We make it possible for IoT (Internet of Things) - enabled solutions to seamlessly connect, collect, analyse and act on data from our equipment/assets in real-time, delivering enhanced safety, efficiency, reliability, and sustainability.



Group purpose

We believe **access to energy and digital is a fundamental human right**. Our generation is facing a tectonic shift in energy transition and an industrial revolution catalysed by a more electric and digital world. Electricity is the most efficient and best vector for decarbonisation; **combined with circular economy approach solutions, we will achieve climate-positive impact as part of the United Nations Sustainable Development Goals**.

We drive digital transformation by integrating world-leading processes and energy technologies to realise the full efficiency and sustainability within our clients' businesses. We provide end-point to cloud integration connecting products, controls, software and services. We enable lifecycle solutions from design and build to operate and maintain phases through a digital twin.

We deliver capabilities to transform site-to-site operations into integrated end to end solutions. Our integrated solutions are built with safety, reliability and cybersecurity for our homes, buildings, data centres, infrastructure and industries. We are advocates of open standards and partnership ecosystems to unleash the infinite possibilities of a global, innovative community that is passionate about our shared Meaningful Purpose, Inclusive and Empowered values. We are the most local of global companies. Our unmatched proximity to our customers enables us to better understand, anticipate and adapt with agility to support your business continuity with high ethical standards in everything we do.

Our purpose is to empower all to make the most of our energy resources, bridging progress and sustainability for all.

At Schneider, we call this Life Is On.

Our mission

Our mission is to be a digital partner for sustainability and efficiency. We believe that Life is On everywhere, for everyone and at every moment.

Our vision

We believe that we will lead the new digitalised energy world, offering our Customers and Partners innovative connected products & solutions, readying them for the then power distribution's elevated expectations.

Our balanced business models, superior quality and efficient supply chain will keep our growth and profitability resilient and sustainable.

A Message from our Chairman Vinod Kumar Dhall



Our leading and best-in-class solutions, services based on EcoStruxure™ portfolio, our next generation of active energy management and automation architecture innovations will continue to give us a competitive edge in a marketplace full of opportunities.

Dear Shareholders,

I am happy to present to you our Annual Report for the Financial Year 2021-2022 (FY2022).

The past fiscal year

Our economy has gone through several challenges over the past two years, and global economic developments in fiscal 2021 were still dominated by the coronavirus pandemic (COVID-19) and its many repercussions. However, these challenges have also given the world time and the opportunity to adapt to the evolving environment and continuing uncertainties. Climate action, sustainability, efficiency in the use of resources, digital innovation, and nimbleness in the face of disruptions have emerged as priority issues in decision making processes globally, whether in businesses or in households. And

at Schneider, we continue to embrace sustainability and evolving our mission to empower all to make the most of their energy and resources.

After the recession in calendar 2020, in which global gross domestic product (GDP) contracted by 3.4%, calendar 2021 showed a strong rebound with global GDP increasing around 5.5%. Global economic activity expanded at very high rates in the third quarter of calendar 2020 after the first wave of COVID-19 ebbed. Subsequent infection waves in winter months caused fears of a new global recession. However, although India is moderately following the global trends, we believe that the pent up demand and government driven policies will allow us to remain cautiously optimistic with respect to economic performance.

A positive outlook for the future

Going forward, we have an overall positive outlook for the segments that drive the growth of our organisation. The power sector in India continues to remain one of the government's primary focus areas, as an increasing number of reforms involving digitalisation are expected to be implemented in the next few years. In the long term, reform is also expected to take place at the distribution level, including privatisation and a shift towards renewables, in which India has committed itself to an ambitious target.

In the transportation sector, the development of the metro lines across India, the modernisation of the railways, and focus on building more and better airports indicate that these are up for expansion in the near future. Oil and gas is also expected to undergo a period of transition as the case for renewables becomes undeniably stronger.

Our performance

Overall, our P&L is aligned with our strategy to prioritise cash and margins, and will continue on this journey over the next financial year. We have also excelled in our execution and achieved landmark level of sales, reaching ₹15,000 million in one year. Additionally, I am happy to announce our first positive year after

10 years of having a struggling balance sheet. Our profit for this year amounted to ₹276 million.

Looking forward

As we move forward in turbulent economic conditions, and unreliable inflationary pressure, we recognise the importance to anticipate any challenges that may arise and prepare ourselves accordingly. However, given our strategic objectives and advantages, along with support from the government in the form of investment, reforms and policies, we are cautiously optimistic for the short to mid term performance of our organisation. Moreover, I believe that our leading and best-in-class solutions, services based on EcoStruxure™ portfolio, our next generation of active energy management and automation architecture innovations will continue to give us a competitive edge, helping us thrive.

I would like to take this opportunity to thank all our stakeholders, especially our employees, for their commitment to providing value to our customers in line with our mission and vision. I would also like to thank our Board for their commitment to sustainability and making Schneider the organisation that it is today.

Yours truly,

Vinod Kumar Dhall

Ms. Namrata Kaul – Chairperson

EFFECTIVE FROM MAY 21, 2022



Dear Shareholders,

I'm honoured to be elected as the chairperson of the Company in May 2022.

I concur with Mr. Dhall's views on socio-economic scenario. A phenomenal amount has been achieved in the last financial year, amidst the tumultuous political and economic environment. Despite the roadblocks we stayed committed to our customers' expectations, while achieving our financial goals.

We believe the future will be more exciting and rewarding. Thank you all for your unwavering support.

Yours truly,

Namrata Kaul

1 Strategic Report

1.4 An Interview with MD and CEO Sanjay Sudhakaran and CFO Mayank Holani

An Interview with MD and CEO Sanjay Sudhakaran, and CFO Mayank Holani



SS: Sanjay Sudhakaran,
MD and CEO



MH: Mayank Holani,
CFO



Schneider Electric delivered a strong performance in 2021, what were the highlights?

MH: I am very happy with our performance this year and there are few things that I'd like to highlight. Our outside group (OG) orders have gone up by 44%, sales increased by 18%, and our profitability has increased significantly. We've turned profitable after 10 years. This is the first year where we have crossed the ₹15,000 million sales landmark in our organisation. Net profit for the year reached around ₹276 million versus the loss of ₹10 million in the previous year, which is a delta of 1.9 points. These milestones have been achieved because of the discipline we are imparting across the entire lifecycle of our projects. We have set out clear goals and objectives and are executing in a systematic way with an expectation that we continue to create substantial value for all our stakeholders.

SS: I would also like to emphasise the importance we are placing on customer satisfaction. We are strong believers that, at the end of the day, it is our approach towards customer centricity that will continue to drive our growth and performance going forward. Even though we faced several challenges beyond our control this year, including shortages, we were able to find alternate solutions and have, at times, sacrificed profitability to ensure that our commitments to our customers were maintained. We are positive that this organisational approach will pay us dividends going forward, and also when the market situation normalises as well.

MH: Our customer centric approach is evident from our performance as well. When considering our full year numbers, our OG orders for the year stood at ₹13,938 million, with a growth of about 44% when compared to the previous year. As a result of this good order growth, our backlog or order book at the end of the financial year increased by around 24% versus same period last year, which shows a good pipeline for sales in the next year.



What were the biggest challenges you faced in 2021 and what do you expect in 2022?

SS: Over the past year, we have faced unprecedented bouts of uncertainty, especially when it comes to COVID-19 and its impact on our organisation and the economy. Inflation is expected to increase as we face the pent up demand caused by lockdowns, and now, with the war in Ukraine, we can expect commodity prices to come to an all-time high.

MH: However, we must also remember that governments across the world are trying to rein in inflation. And although we might see some turbulence as we go ahead, we believe that as long as we are prepared for both, some headwinds as well as some tailwinds, we should be able to navigate wherever the overall macroeconomic situation takes us.



What is the outlook for Schneider Electric in 2022?

SS: When it comes to the power and grid sector, the Indian government has been very proactive in its intentions to modernise the grid, improve the digitalisation of utilities - helping to reduce losses, and also prioritising the use of solar generated power. With the overall objective to bridge the energy deficit and hedge the economy against the turbulences of oil as a commodity, we believe that there is a robust runway for growth in power generation, as well as distribution. Overall, it is apparent that the Indian market is on the path to becoming increasingly electric and digital, which lays the foundation for fantastic opportunities for our organisation to leverage in the future.

MH: As far as the construction sector is concerned, we see positive trends when it comes to the number of housing projects and bookings. Similarly, there is demand for steel and cement. We are also continuing to see increased investment by large companies into the Minerals, Mining and Metals (MMM) sector, one of our core segments of operations.

SS: However, when it comes to transportation, India is still on its journey when it comes to benefiting from an effective infrastructure system. With this opportunity for improvement, we expect continued investment into the metro systems and airports over the next three to five years. As we observe past trends, we identified a cyclical pattern when it comes to the execution of infrastructure projects, as there are several recurring bottlenecks that tend to impact the acquisition of land, making the completion timelines slightly unpredictable. That being said, we remain optimistic as there seems to be a healthy pipeline of impactful projects in the short to medium term going forward.

MH: We expect to see tremendous amount of progress when it comes to Data Centres in India. With the abundance of innovations in technology in terms of digital payments, education, and entertainment, there is no question that there is going to be an exponential increase in the amount of data that will need to be stored within the country. We clearly see that this is the future of communication and financial instruments, and expect it to grow healthily going forward.

SS: But I think that the most exciting avenue for our growth is centred around the imperative focus that the government, our customers, and society in general is placing on sustainability. As organisations prioritise innovation when it comes to the elimination of waste gases, waste gas recovery, and digitalisation around plants to conserve and reuse energy, we see an opportunity for our products and services to help with micro-efficiency, while also contributing to the overall sustainability goals of the country and globe.

MH: So, to summarise, we believe that we are in a sweet spot. All our key end markets are poised very well for growth. Our customers are thriving and investing in their technology, and we will continue to engage with them closely. Hence, although there are some uncertainties when it comes to inflation or interest rates in the short term, we will make the best of our situation, and expect tailwinds in the form of robust demand to carry us over in the medium to long term.



What will drive shareholder value in the coming years?

SS: We are very clear on where the strategic priorities lie for our organisation when it comes to generating value for all our stakeholders. We will continue to leverage our digital capabilities more and more with our customers, generating more lifecycle revenue and resulting in us having an increasingly predictable revenue line and profitability trajectory. However, when it comes to increasing our coverage, we cannot do it

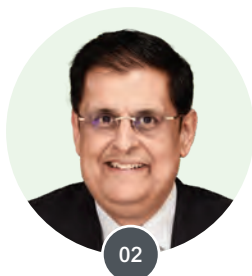
alone. So, we are focussed on building our network of leading partners to serve our customers better. Moving forward, we will continue to keep our eye on the pulse of growth when it comes to our key sectors, as we are poised, along with the government, to play a role in shaping the future by introducing greener products and solutions.

Board of Directors & Key Managerial Personnels



01

Mr. Vinod Kumar Dhall¹
*Chairman Independent,
Non-Executive Director*



02

Mr. Ranjan Pant¹
*Independent,
Non-Executive Director*



03

Mr. V.S. Vasudevan¹
*Independent,
Non-Executive Director*



04

Ms. Namrata Kaul²
*Independent,
Non-Executive Director*



05

Mr. Sanjay Sudhakaran
*Managing Director and
Chief Executive Officer*



06

Mr. Amol Phatak
Whole-Time Director



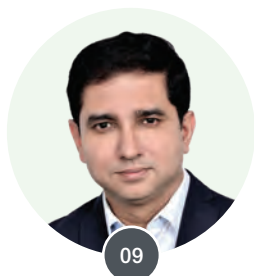
07

Mr. Anil Chaudhry
Non-Executive Director



08

Mr. Sugata Sircar³
Non-Executive Director



09

Mr. Arnab Roy
Non-Executive Director



10

Ms. Bidisha Nagaraj⁴
Non-Executive Director



11

Mr. Pravin Kumar Purang⁵
*Independent,
Non-Executive Director*



12

Mr. Mayank Holani
Chief Financial Officer



13

Ms. Bhumika Sood
*Company Secretary and
Compliance Officer*

¹ The second and final term of Mr. Vinod Kumar Dhall, Mr. Ranjan Pant and Mr. V.S. Vasudevan, as Independent Directors of the Company, concluded on May 21, 2022.

² Ms. Namrata Kaul – appointed as Chairperson of the Company w.e.f. May 21, 2022.

³ Mr. Sugata Sircar- resigned w.e.f. the close of business hours on March 31, 2022.

⁴ Ms. Bidisha Nagaraj - resigned w.e.f. the close of business hours on May 21, 2022.

⁵ Mr. Pravin Kumar Purang - appointed as Independent, Non-Executive Director, w.e.f. May 21, 2022.