

# Schneider Electric President Systems Limited

## ANNUAL REPORT 2017

Life Is On

**Schneider**  
Electric

## INFORMATION TO SHAREHOLDERS

### Board of Directors

Mr. Shravan Sharma, Chairman  
Mr. Javed Ahmad  
Ms. Rachna Mukherjee  
Mr. Sugata Sircar  
Mr. Swaminathan Venkatraman\*  
Mr. V. S Vasudevan

### Company Secretary

Ms. Priyanka Aggarwal

### Chief Financial Officer

Mr. Damodar Kalavala

### Registered Office

5C/1, KIADB Industrial Area, Attibele  
Bengaluru - 562 107 Karnataka  
Ph: +91 80 6788 8300  
priyanka.aggarwal@schneider-electric.com  
CIN: U32109KA1984PLC079103  
www.schneiderelectricpresident.com

### Main Bankers

Citi Bank NA,  
No.5, 2<sup>nd</sup> Floor, M G Road  
Bengaluru – 560 001

### Auditors

Messer's S. R. Batliboi & Associates LLP  
UB City, Canberra Block  
12th & 13th Floor  
No. 24, Vittal Mallya Road  
Bengaluru - 560001

### Registrar & Transfer Agent

Universal Capital Securities Pvt. Ltd  
21 Shakil Nivas, Mahakali Caves Road  
Andheri (E), Mumbai 400093  
Tel: (022) 28207203, 28207204, 28207205

\* Effective 31.12.2016 resigned from the post of Managing Director and continued as Director.

33<sup>rd</sup> Annual General Meeting

Date: Tuesday, 19<sup>th</sup> September, 2017, Time: 11.00 A.M

Venue: 5C/1, KIADB Industrial Area, Attibele, Bengaluru, 562107, Karnataka

## INDEX

| CONTENT                            | PAGE No. |
|------------------------------------|----------|
| Financial Statistics               | 1        |
| Notice to the Shareholders         | 3        |
| Director's Report                  | 12       |
| Management Discussion and Analysis | 35       |
| Independent Auditor's Report       | 38       |
| Balance Sheet                      | 43       |
| Statement of Profit and Loss       | 44       |
| Cash Flow Statement                | 45       |
| Notes to Financial Statements      | 46       |

## FINANCIAL STATISTICS

(Rs. In Lakhs)

| Particulars                      | 31.03.2017       | 31.03.2016       | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Sale of Products                 | 26,333.48        | 19,468.56        | 15,695.70        | 15,692.66        | 10,375.58        | 9,705.70         | 9,536.93         |
| Sale of Services                 | 581.87           | 505.63           | 573.85           | 645.77           | 550.26           | 193.70           | 328.85           |
| Other Operating Income           | 167.25           | 183.07           | 256.54           | 192.20           | 105.47           | 135.14           | 113.88           |
| Other Income                     | 71.67            | 69.71            | 55.15            | 15.86            | 62.37            | 45.37            | 45.66            |
| <b>Total Income</b>              | <b>27,154.27</b> | <b>20,226.97</b> | <b>16,581.24</b> | <b>16,546.49</b> | <b>11,093.68</b> | <b>10,079.91</b> | <b>10,025.32</b> |
| EBITDA                           | 2,584.83         | 1,650.83         | 383.85           | 171.80           | 219.87           | -158.89          | 430.04           |
| Financial Expenses (Net)         | 259.11           | 317.93           | 254.58           | 233.14           | 233.56           | 224.89           | 188.88           |
| Depreciation                     | 520.62           | 518.90           | 501.10           | 420.58           | 414.06           | 489.73           | 397.22           |
| (Loss)/Profit before Taxation    | <b>1,805.10</b>  | <b>814.00</b>    | <b>-371.83</b>   | <b>-481.92</b>   | <b>-427.75</b>   | <b>-873.51</b>   | <b>-156.06</b>   |
| (Loss)/Profit after Taxation     | 1,371.10         | 638.72           | -371.83          | -481.92          | -332.95          | -577.92          | -114.48          |
| Dividend Payout                  | -                | -                | -                | -                | -                | -                | -                |
| retained earnings                | -                | -                | -                | -                | -                | -                | -                |
| Retained earnings                | <b>1,371.10</b>  | <b>638.72</b>    | <b>-371.83</b>   | <b>-481.92</b>   | <b>-332.95</b>   | <b>-577.92</b>   | <b>-114.48</b>   |
| Dividend (%)                     |                  |                  |                  | -                | -                | -                | -                |
| Earning per Share                | 22.67            | 10.56            | (6.15)           | (7.97)           | (5.51)           | (9.56)           | (1.89)           |
| <b>Particulars</b>               |                  |                  |                  |                  |                  |                  |                  |
| <b>Equity and Liabilities</b>    |                  |                  |                  |                  |                  |                  |                  |
| Share Capital                    | 604.80           | 604.80           | 604.80           | 604.80           | 604.80           | 604.80           | 604.80           |
| Reserves & Surplus               | 4,498.93         | 3,127.83         | 2,489.11         | 2,972.26         | 3,454.19         | 3,787.14         | 4,365.06         |
| <b>Total Shareholder's Funds</b> | <b>5,103.73</b>  | <b>3,732.63</b>  | <b>3,093.91</b>  | <b>3,577.06</b>  | <b>4,058.99</b>  | <b>4,391.94</b>  | <b>4,969.86</b>  |
| <b>Non Current Liabilities</b>   |                  |                  |                  |                  |                  |                  |                  |
| Long-term borrowings             | 1,599.35         | 2,099.36         | 1,999.70         | 1,503.60         | 1,507.10         | 1,049.21         | 711.27           |
| Deferred tax liability (net)     | -                | -                | -                | -                | -                | 94.80            | 390.38           |
| Other long-term liabilities      | 40.63            | -                | 4.99             | 9.47             | 27.93            | 88.09            | 112.03           |
| Long-term provisions             | 280.39           | 191.09           | 156.58           | 229.80           | 190.02           | 131.38           | 118.43           |
|                                  | <b>1,920.37</b>  | <b>2,290.45</b>  | <b>2,161.27</b>  | <b>1,742.87</b>  | <b>1,725.05</b>  | <b>1,363.48</b>  | <b>1,332.11</b>  |
| <b>Current Liabilities</b>       |                  |                  |                  |                  |                  |                  |                  |
| Short-term borrowings            | 454.98           | 1,201.34         | 798.21           | 1,586.20         | 281.72           | 679.82           | 756.71           |
| Trade Payables                   | 6,128.24         | 4,022.86         | 5,745.78         | 4,419.60         | 3,117.64         | 1,821.68         | 1,931.56         |
| Other current liabilities        | 1,892.80         | 1,217.99         | 973.85           | 820.19           | 644.76           | 641.57           | 737.93           |
| Short-term provisions            | 437.39           | 243.87           | 183.48           | 146.82           | 158.10           | 159.91           | 102.83           |
|                                  | <b>8,913.41</b>  | <b>6,686.06</b>  | <b>7,701.32</b>  | <b>6,972.81</b>  | <b>4,202.22</b>  | <b>3,302.98</b>  | <b>3,529.03</b>  |
| <b>Total</b>                     | <b>15,937.51</b> | <b>12,709.14</b> | <b>12,956.50</b> | <b>12,292.74</b> | <b>9,986.26</b>  | <b>9,058.40</b>  | <b>9,831.00</b>  |
| <b>Non Current Assets</b>        |                  |                  |                  |                  |                  |                  |                  |
| <b>Fixed assets</b>              |                  |                  |                  |                  |                  |                  |                  |
| Tangible assets                  | 3,537.64         | 3,829.15         | 3,747.50         | 3,856.57         | 4,012.83         | 4,160.08         | 4,395.22         |
| Intangible assets                | 50.78            | 92.50            | 141.96           | 179.54           | 51.89            | 77.26            | 106.58           |
| Capital work-in-progress         | 179.20           | 104.91           | 127.46           | 66.13            | 31.79            | 13.52            | 25.47            |
| Non-current investments          | -                | -                | -                | -                | -                | -                | 0.18             |
| Deferred tax asset (net)         | 105.51           | -                | -                | -                | -                | -                | -                |
| Long-term loans and advances     | 391.46           | 626.23           | 639.43           | 464.70           | 751.19           | 107.65           | 149.55           |

| Particulars  | 31.03.2017       | 31.03.2016       | 31.03.2015       | 31.03.2014       | 31.03.2013      | 31.03.2012      | 31.03.2011      |
|--|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|
| Other Non current assets                             | -                | 1.96             | 1.81             | 1.65             | -               | -               | -               |
|  | <b>4,264.59</b>  | <b>4,654.75</b>  | <b>4,658.16</b>  | <b>4,568.59</b>  | <b>4,847.70</b> | <b>4,358.51</b> | <b>4,677.00</b> |
| <b>Current assets</b>                                |                  |                  |                  |                  |                 |                 |                 |
| Inventories  | 3,184.77         | 2,517.50         | 2,856.88         | 2,247.21         | 1,417.51        | 1,045.96        | 820.67          |
| Trade receivables                                    | 7,169.85         | 4,208.37         | 4,186.07         | 4,494.74         | 2,699.36        | 2,312.23        | 3,345.76        |
| Cash and bank balances                               | 275.45           | 398.71           | 171.50           | 68.20            | 71.51           | 318.38          | 124.51          |
| Short-term loans and advances                        | 1,042.40         | 906.15           | 1,058.57         | 862.15           | 689.41          | 1,023.06        | 844.14          |
| Other current assets                                 | 0.45             | 23.66            | 25.32            | 51.85            | 260.77          | 0.26            | 18.92           |
|  | <b>11,672.92</b> | <b>8,054.39</b>  | <b>8,298.34</b>  | <b>7,724.15</b>  | <b>5,138.56</b> | <b>4,699.89</b> | <b>5,154.00</b> |
| <b>Total</b>   | <b>15,937.51</b> | <b>12,709.14</b> | <b>12,956.50</b> | <b>12,292.74</b> | <b>9,986.26</b> | <b>9,058.40</b> | <b>9,831.00</b> |
| <b>Statement of Accounting Ratios of the Company</b> |                  |                  |                  |                  |                 |                 |                 |
| EBIDTA Rs.*  | 2,584.83         | 1,650.83         | 383.85           | 175.09           | 224.24          | -158.89         | 430.04          |
| EBIDTA % to Net Product Sales                        | 9.82             | 8.48             | 2.45             | 1.12             | 2.16            | -1.64           | 4.51            |
| Return on Net Worth (%)                              | 26.86            | 17.11            | -12.02           | -13.47           | -8.20           | -13.16          | -2.30           |
| Net Asset Value per share                            | 84.39            | 61.72            | 51.16            | 59.14            | 67.11           | 72.62           | 82.17           |

\*Includes interest income

**SCHNEIDER ELECTRIC PRESIDENT SYSTEMS LIMITED**

Regd. Office: 5C/1, KIADB Industrial Area, Attibele, Bengaluru-562107, Karnataka  
CIN: U32109KA1984PLC079103, Phone:080 67888300,  
Website: www.schneiderelectricpresident.com; E-mail: priyanka.aggarwal@schneider-electric.com

**NOTICE**

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of Schneider Electric President Systems Limited will be held on Tuesday, 19<sup>th</sup> September, 2017 at 11.00 A.M. at 5C/1, KIADB Industrial Area, Attibele, Bengaluru- 562107, Karnataka, to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2017 together with the Schedules and Notes attached thereto, along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Rachna Mukherjee (DIN 06970986) who retires by rotation at this Annual General Meeting and being eligible, offers herself for re-appointment.
3. To ratify the appointment of Statutory Auditors for FY 2017-18 and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the appointment of M/s S.R Batliboi & Associates LLP, Chartered Accountants (ICAI Registration No 101049W /E300004), be and is hereby ratified as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company at a remuneration (exclusive of applicable Taxes and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit), as may be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS**

4. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014, the remuneration payable to M/s. Rao Murthy & Associates, Cost Accountants, (ICWA Registration No. 000065), who were appointed as the Cost Auditors of the Company by the Board of Directors for the conduct of the audit of the cost records of the Company for the Financial Year 2017-18 at a remuneration of Rs. 1,10,000/- (Rupees One Lakh Ten Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses, be and is hereby ratified and confirmed.”
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**“RESOLVED THAT** pursuant to the provisions of Section 4 and Section 13 of the Companies Act, 2013, and other applicable provisions read with the rules and regulations made there under including any amendment, re-enactment or statutory modification thereof, and subject to the necessary approval(s) if any, from the competent authorities, following alterations be made in the existing Memorandum of Association of the Company:
  - I. In the first line at page number 1 of the Memorandum of Association, the words “THE COMPANIES ACT, 1956” be substituted with “THE COMPANIES ACT, 2013”.
  - II. The words “OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS” as mentioned in the heading of Clause III(B) of the Objects Clause of the Memorandum of Association be substituted with “MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”.
  - III. The Words “Companies Act, 1956” mentioned in the first line of sub-clause 25 of the Clause III(B) be and is hereby substituted with “The Companies Act, 2013”.
  - IV. The Words “Companies Act, 1956” mentioned in the second line of sub-clause 30 of the Clause III(B) be and is hereby substituted with “The Companies Act, 2013”.
  - V. The existing serial number of sub-clause 54A of Clause III(B) of Memorandum of Association of the Company be and is hereby substituted with the new serial number 55.
  - VI. The Clause III(B) of the Objects Clause of the Memorandum of Association be and is hereby altered by inserting following 39 sub-clauses after sub-clause 55 of Clause III(B):
    56. To purchase land and other constructed building to sell.
    57. To manufacture, sell and export hardware materials such as raw fittings and other house building materials.
    58. To carry on the business of running motor lorries, motor lines and routes as the Company may think fit and to transport passengers and goods and generally to do the business of common carriers.
    59. To carry on the business of merchants, garage proprietors, or livestock keepers, job masters, farmers dairy-men, importers and brokers of food, live and dead stock and foreign produce of all descriptions, perfumers, chemicals, laundries, reading, writing and newspaper rooms, libraries, ground and places of amusements, recreation sports, entertainment and instruction of all kinds, tobacco and cigar merchants, travel agents, bank mukadams for railways, shipping and airways and road transport contractors, companies or bodies and carries by land, water and air, barging, property and freight contractors forwarding agents, clearing agents, stevedores, ship chandlers, caterers and insurers of ship, crafts goods and other

property, theatrical and opera box office owners, ship proprietors, cinema exhibitors, producers and distributors and merchants, and to carry on the business of swimming pools, playing of launches and boats.

60. To carry on the business as manufacturers of and dealers in all types of valves, pumps and engineering products of all types, machinery and machinery parts, spare parts, instrumentation and systems and machinery generally to import and export such items and/or to deal and trade in them.
61. To carry on the business of manufacturers or dealers in calculating machine, computers, cleaners, sewing and printing machines, air-conditioning equipments, air- conditioners, refrigerators, coolers, ice-cream manufacturing machinery, typewriters and to maintain air-conditioned go downs for storage of goods.
62. To manufacture and deal in refrigerators, coolants, ice manufacturers and heavy water, mineral water.
63. To carry on business as merchants, traders, commission agents buying and selling agents, brokers, adatas, buyers, sellers, importers, exporters, dealers, collectors in India or elsewhere and to import, export, buy, sell, barter, extent, pledge, mortgage, advance upon.
64. To carry on the business of manufacturers of or dealers in tractors, automobile, earth-moving equipment's internal combustion engines, boilers, locomotives and compressors.
65. To manufacture and or deal in automobile parts, spare parts and components of machineries and to act as agents for manufacture of various parts and components.
66. To carry on the business of iron founders, makers of scientific industrial and surgical instruments, mechanical engineers and manufacturers of agricultural implements and other machinery, steel casting and forgings and malleable iron and steel castings, tool makers, brass founders, metal workers, boiler makers, mill wrights, machinists iron and steel convertors, smiths, wood workers, builders, printers, metallurgists, electrical engineers, water supply engineers, gas makers, farmers, printers, carriers and merchants and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware of all kinds.
67. To carry on the business of electrical engineers, electricians, contractors, manufacturers, constructors, suppliers of and dealers in electric and other appliances electric motors, fans, amps, furnaces, household appliances, batteries, cables wire lines, dry- cells, accumulators lamp and to manufacture and deal in all apparatus and things required or capable of being used in connection with the generation, distribution, supply accumulation, and employment of electricity, including in the terms electricity all powers that may be directly or indirectly there from or may be incidentally hereafter discovered in dealing with electricity.
68. To carry on the trade or business of manufacturing, assembling, building, selling, reselling, exchanging, altering, importing, exporting, hiring, letting on hire or distributing, or dealing in railway carriages, wagons, carts, vehicles, rolling stock and conveyance of all kinds, whether for plant and all machinery materials and things applicable or any of the things hereinbefore specified to coal proprietors railway and other companies and respectively whether belonging to this Company or not and selling, exchanging and otherwise dealing in the same respectively.
69. To carry on the business of machinists, makers of machinery, manufacturers of pressed boards, mechanical engineers, marine engineers, iron founders, brass founders, iron and steel convertors, metallurgists, smiths and wood workers, iron masters, steel makers, blast furnace proprietors, repairers, boiler makers, smiths, sandblast proprietors, consulting engineers, electrical engineers, asbestos manufacturers, japanners, annealers, enamellers, electric and chromium platers, polishers, painters, garage proprietors, black smiths, locksmiths, iron mongers, alloy makers, metal platers, wire weavers and to buy, sell, manufacture, repair, alter, let on hire and deal in plant, machinery, tools, implements, utensils, rolling stock and hardware of all kinds.
70. To carry on business of suppliers and dealers in all types of machinery and intended for use in foundry and treatment of metals.
71. To carry on the business of manufacturers of, dealers in glass products, including sheet and plate glass, optical glass, glass wool and laboratory ware.
72. To carry on the business of manufacturers of, dealers in industrial machinery of all types, including bearings, speed reduction units, pumps, machine tools and agricultural machinery and earth moving machinery including road rollers, bulldozers, dumpers, scarpers, loaders, showels and drag lines and light engineering goods such as cycles and sewing machines and their components.
73. To carry on the business of manufacturers of, dealers in ferrous or non-ferrous metals, including iron and steel, aluminium, brass, tin, nickel, special steels and their products.
74. To carry on business as manufacturers, dealers, stockiest, importers and exporters of engineering, drawing sets, building hardware, steel rules, measuring tapes, cutting tools, hand tools, precision measuring tools, machine tools, garage tools, hardware tools, instruments, apparatus and other machinery, plant, equipment, articles, appliances, their components, parts, accessories and allied things.
75. To carry on the business as manufacturers, dealers, stockiest, exporters and importers of tools, nuts, nails, rivets, hinges, hooks and all other hardware items of all types and description.
76. To carry on business of manufacturers, dealers, stockiest of all metals, machinery parts, moulds, press tools, jigs, fixtures, injections and compression mouldings, steel products, automobile parts and spare parts and spares of all kinds of machinery.
77. To carry on the business of iron founders, mechanical engineers, marine engineers, brass founders, iron and steel convertors, metallurgists, smiths and wood workers, iron masters, steel makers, blast furnaces proprietors, repairers,

boiler makers, smiths, sandblast proprietors, asbestos manufacturers, enamellers, electric and chromium platers, painters, tin smiths, lock smiths, wire weavers, consulting engineers and electrical engineers.

78. To carry on business as manufacturers, stockiest, importers, exporters, repairers and dealers in dynamos, motors, armatures, magnets, batteries, conductors, insulators, transformers, converters, switch boards, coolers engines, guns, process insulating materials and generally electrical plant, appliances and supplies of every description.
79. To carry on business as dealers, stockiest, importers and exporters of general goods, suppliers, commission agents, and clearing and forwarding agents, to carry on all or any of the businesses of wholesale and retail in all kinds of merchandise such as textile yarn, steel, spices, dry-fruits, chemicals, dyes and chemicals, grains.
80. To carry on business as manufacturers of or dealers in, or as stockiest, importers and exporters of packaging materials, cartons, boxes and cases made of paper, boards, wood, glass, plastic, pulp, cellulose films, polythene rubber, metal foils, gelatin, tin, flexible, treated, laminated or other materials.
81. To carry on business as manufacturers of or dealers in or as stockiest, importers and exporters of bottles, jars, fibers, boxes, corrugated containers, aluminum foils of all types, wooden drums, packing cases, rods, wires ropes, strips, conductors, equipment required for generation distribution and transmission of electric energy cables, motors fans, lamps, furnaces batteries, accumulators.
82. To acquire by concessions, grant, purchase, barter, lease, license or otherwise sell either absolutely or conditionally and either solely or jointly with other, any houses lands, farms, water-rights, way leaves, privileges, rights and hereditament and other moveable and immoveable property of any description, in India or elsewhere.
83. To carry on the business as manufacturers of or dealers in or as stockiest, importers and exporters of audio meters, hearing aids, surgical instruments including artery forceps, retractors, hooks, polythene tubing's, suction tubes, suction cannulas, operating surgical microscopes, electronic stenographic equipment including photo electric cell apparatus, bronchoscopes, resophagescopes, laryngoscope apparatus for micro laryngeal surgery, cauterization apparatus and/or facial narcs stipulation.
84. To act as executors, administrators, attorneys, nominees and agents and to exercise all the Power of custodian and trust corporations.
85. To take on lease exchange or otherwise deal in lands, buildings, hereditaments of any tenure of freehold for residential or business purposes.
86. To acquire, hold or deal in stocks, shares, debentures, securities.
87. To procure or develop and supply patents, inventions, models, designs, scientific or industrial formulae or processes.
88. To procure, develop and supply technical know-how for the manufacture or processing of goods, materials or in installation or erection of machinery or plant for such manufacture or processing, or in the working of mines, oil wells or other sources of mineral deposits, or in search for discovery or testing of mineral deposits, or in carrying out any operation, relating to agriculture, animal husbandry, dairy or poultry farming forestry or fishing or rendering services in connection with the provision of such technical know-how.
89. To carry on the profession of consultants on management, taxation, financial, employment, engineering, industrial and technical matters to industry and business of and to act as employment agents, to carry on the business of printing and publishing books, magazines, journals and newspapers and to act as agents in connection therewith.
90. To undertake or arrange for the writing and publication of books, magazines, journals or pamphlets on subjects relating to trade, commerce, industry, agriculture, banking, insurance, investments, taxation, finance, economic, law and other subjects.
91. To undertake or promote research in economic, fiscal, commercial, financial, technical and scientific problems.
92. To sell, buy or contract for the purchase or sale of raw materials and manufactured or partly manufactured goods and dyes, chemicals, liquids, pastes, powders and things necessary or useful for dyeing, printing, combing, bleaching, pressing, spinning, weaving and manufacturing purposes and required during the business of the Company.
93. To carry on the business of exporters and importers and to sell, purchase, export, prepare for market and otherwise deal in all kinds of merchandise, articles and things produced by the Company.
94. To manufacture and acquire dyes, chemicals and auxiliaries and to sell it in the local market and also to export."

VII. Whole of the other objects for which the Company is established as mentioned in Clause III(C) of the Objects Clause of the Memorandum of Association starting from 55 to 134 be and is hereby deleted.

VIII. The existing Clause IV of the Liability Clause of Memorandum of Association of the Company be and is hereby substituted with the following:

"The Liability of the Members is limited and the liability is limited to the amount unpaid, if any, on the shares held by them."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 5 and Section 14 of the Companies Act, 2013, and other applicable provisions read with the rules and regulations made there under including any amendment, re-enactment or statutory modification thereof, the new set of Articles of Association, be and are hereby approved and adopted in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper and expedient to give effect to this resolution.”

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** in accordance with the provisions of Section 67 and other applicable provisions of the Companies Act, 2013 and the rules, regulations, circulars, guidelines prescribed by any other authority, from time to time, to the extent applicable, approval of the Shareholders be and is hereby accorded to participate in the Worldwide Employee Share Ownership Plan (WESOP) Scheme (the Scheme) of the Ultimate Holding Company, Schneider Electric SE, France and to ratify the financial assistance provided by the Company pursuant to the Scheme to the employees of the Company during the year 2016-17.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make modification(s), suspend, withdraw or revive the Scheme as suggested by Schneider Electric SE, France, from time to time, and to approve, support by means of financial assistance or any other kind of support for the benefit of such person(s) who are/will be in the employment of the Company including Managing Director, Whole-time Director(s), Executive Director(s), Key Managerial Personnel of the Company and to approve such number of shares and at such price, in such manner, during such period in one or more tranches as it may deem fit under the Scheme.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers to any Committee of Directors of the Company or to any officer of the Company to give effect to this Resolution and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary and to settle any question, difficulty or doubt, whatsoever, as may arise with respect to the Scheme.”

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

**By Order of the Board of Directors  
For Schneider Electric President Systems Limited**

Registered Office: Plot 5C/1,  
KIADB Industrial Area, Attibele,  
Bengaluru -562107, Karnataka

**Priyanka Aggarwal**  
Company Secretary  
ACS: 29587  
Address: B-64, 7<sup>th</sup> Floor, Eden Tower, Plot No. 20, Sector-5,  
Dwarka-110075, New Delhi

**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts relating to the business at items 4 to 7 of the Notice as set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 13<sup>th</sup> September, 2017 to Tuesday, 19<sup>th</sup> September, 2017 (both days inclusive).
4. The Register of Directors and Key Managerial Personnel and their Shareholding and Register of Contracts or Arrangements in which Directors are interested, will be available for inspection by the members at the Annual General Meeting.
5. Pursuant to the provisions of Section 124 of the Companies Act, 2013 (corresponding Section 205A of the Companies Act, 1956), unclaimed dividend for the Financial Year ended 31<sup>st</sup> March, 2009 was transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.
6. Members are requested to intimate immediately change of address, if any, to the Company's Registrar and Transfer Agents or Depository Participant, as the case may be.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. Members/ Proxies should bring the Attendance Slip to the Meeting duly filled in, for attending the Meeting.
8. Members, who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agents for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.
9. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their holdings.



10. All documents, transfers and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents, at the address mentioned below:

Universal Capital Securities Private Limited  
21, Shakil Nivas, Mahakali Caves Road, Andheri (E) Mumbai 400 093  
Telephone: +91-22-28207203-05 Fax: +91- 22-28207207  
E-mail: [karlekar@unisec.in](mailto:karlekar@unisec.in)

Contact Person: Mr. Rajesh Karlekar/ Mr. Ravi Utekar

11. Details in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the Notice. The Director has furnished the requisite declarations for her re-appointment.
12. Electronic copy of the Annual Report for the year 2016-17 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2016-17 is being sent to them in the permitted mode.
13. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 2016-17 will also be available on the Company's website [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com) and NSDL e-voting website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bengaluru for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, free of cost, upon making a request for the same. For any communication, the shareholders may also send requests to the Company Secretary at email id: [priyanka.aggarwal@schneider-electric.com](mailto:priyanka.aggarwal@schneider-electric.com)
14. Voting through Electronic Means- Remote E-Voting
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company is pleased to provide Members with a facility to exercise their right to vote at the 33<sup>rd</sup> Annual General Meeting (AGM) by electronic means and the businesses may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through Poll Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Poll Paper.
- III. Members who have cast their vote by remote e-voting prior to the AGM may also attend AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 16th September, 2017 (9.00 A.M.) and ends on 18th September, 2017 (5.00 P.M.). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date (record date) of 12<sup>th</sup> September, 2017 may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- V. Any person who acquires shares of the Company and becomes member of the Company after dispatch of Notice of AGM and holding shares as of the cut-off date i.e. 12<sup>th</sup> September, 2017 can obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- VI. Members whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 12<sup>th</sup> September, 2017 only shall be entitled to avail the facility of remote e-voting and vote at the AGM through Poll Paper.
- VII. The instructions for remote e-voting are as under:
- A. Members whose shareholding is in the Dematerialization form and whose email address are registered with the Company/ Depository Participants will receive an email from NSDL informing user ID and Password:
1. Open email and open PDF file viz; "Schneider remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  3. Click on Shareholder – Login
  4. Put user ID and password as initial password/PIN noted in step (1) above. Click Login.
  5. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  6. Home page of e-voting opens. Click on remote e-Voting: Active Voting Cycles.
  7. Select "EVEN" of Schneider Electric President Systems Limited.

8. Now you are ready for e-voting as Cast Vote page opens.
  9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  10. Upon confirmation, the message "Vote cast successfully" will be displayed.
  11. Once you have voted on the resolution, you will not be allowed to modify your vote.
  12. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to biswajit@adyanta.co.in with a copy marked to evoting@nsdl.co.in
- B. For Members whose shareholding is in the Dematerialization form and whose e-mail address are not registered with the Company/Depository Participants and the Members holding Shares in Physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instruction may be noted:
1. Initial password is provided as below/ at the bottom of the Attendance Slip for the AGM.  
EVEN (Remote E Voting Event Number) USER ID PASSWORD/PIN
  2. Please follow all steps from instructions 2 to 12 of A above to cast vote.
- VIII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the Downloads section of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no. 1800-222-990.
- IX. Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on the site to reset the password.
- X. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).
- In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).
- XI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- XII. The voting rights of Members shall be in proportion to their shares of the Paid-Up equity share capital of the Company as on the cut-off date i.e. 12th September, 2017.
- XIII. Mr. Biswajit Ghosh, Practicing Company Secretary (FCS 8750 and CP 8239) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of poll paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall immediately after the conclusion of voting at the AGM will count the votes casted at the meeting and thereafter unblock the votes casted through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 3 days of conclusion of AGM, a consolidated Scrutinizer's Report of the total votes casted in favor or against, if any, forthwith to the Chairman or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith.
- XVI. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com) and on the website of NSDL immediately after declaration of results.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.
  16. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company by giving not less than three days of notice in writing to the Company.
  17. **Members who have not registered/updated their e-mail addresses with Universal Capital Securities Private Limited, if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.**

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the business at Items 4 to 7 of the accompanying Notice.

**Resolution No. 4**

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Shareholders.

Accordingly, the Board on the recommendation of the Audit Committee has approved the appointment of M/s. Rao Murthy & Associates, Cost Accountants, (ICWA Registration No. 000065) as Cost Auditors to conduct the audit of Cost records of the Company for the financial year 2017-18, at a remuneration of Rs.1,10,000 (Rupees One Lakh Ten Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise and do not have any conflict of interest in the Resolution.

The Board recommends the Resolution as set out in the accompanying Notice for your approval in the interest of the Company.

**Resolution No. 5**

In order to align the existing Memorandum of Association of the Company as per the Companies Act, 2013, the Board of Directors, at their meeting held on 03rd August, 2017, has approved the alteration in Memorandum of Association subject to the approval of the shareholders.

The draft of the amended Memorandum of Association proposed for approval, is available on the website of the Company i.e. [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com) and also available for inspection by the shareholders of the Company during normal business hours at the Registered office of the Company and copies thereof shall also be made available at the Registered Office of the Company and also at the place of the meeting on the meeting day.

In terms of Section 4 and 13 of the Companies Act, 2013, consent of the Members by way of Special Resolution is required for proposed amendments in the Memorandum of Association of the Company.

Your Directors commend passing of this resolution by way of a special resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise and do not have any conflict of interest in the Resolution.

**Resolution No.6**

In order to align the existing Articles of Association of the Company as per the Companies Act, 2013, the Board of Directors, at their meeting held on 03<sup>rd</sup> August, 2017, has approved the alteration in Articles of Association subject to approval of the shareholders.

Accordingly, the draft of the new set of Articles proposed for approval is available on the website of the Company i.e. [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com) and also available for inspection by the shareholders of the Company during normal business hours at the Registered Office of the Company and copies thereof shall also be made available at the Registered Office of the Company and also at the place of the meeting on the meeting day.

In terms of Section 14 of the Companies Act, 2013, consent of the Members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

Your Directors commend passing of this resolution by way of a special resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise and do not have any conflict of interest in the Resolution.

**Resolution No. 7**

Schneider Electric, at the group level has an Employee Stock Option Scheme called Worldwide Employee Share Ownership Plan (WESOP) Scheme (the Scheme) whereby employees of the Schneider Group have the option to subscribe the shares of Schneider Electric SE, France ("SE France") as employees of the group company.

The Scheme is available in 32 Countries, covering approximately 1,21,000 employees of Schneider Electric. This evolution is due to Schneider Electric Group commitment to step up and to put an even greater part of our company in the hands of its employees so as to inculcate a sense of participation in the fortunes of the Company.

SE France is Ultimate Holding Company of your Company. Accordingly, employees of your Company are also entitled to subscribe shares of SE France.

Pursuant to Section 67 of the Companies Act, 2013, no public company shall give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with, a purchase

or subscription made or to be made, by any person of or for any shares in the company or in its holding company unless the same is approved by the Company through a special resolution.

Under the Scheme, since the employer makes a matching contribution up to a limit, the net gains to the employees are expected to be positive, subject to unforeseen circumstances. This scheme has been found to be very effective for retention of key talent and hence will benefit the Company.

The full scheme is available for inspection by the members at the Registered Office of the Company and on its website.

None of the Directors, Key Managerial Personnel except Mr. Damodar Kalavala and Ms. Priyanka Aggarwal of the Company and their relatives are concerned or interested, financial or otherwise and do not have any conflict of interest in the Resolution.

The Board recommends the Resolution as set out in the accompanying Notice for your approval in the interest of the Company.

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

**By Order of the Board of Directors  
For Schneider Electric President Systems Limited**

Registered Office: Plot 5C/1,  
KIADB Industrial Area, Attibele,  
Bengaluru -562107, Karnataka

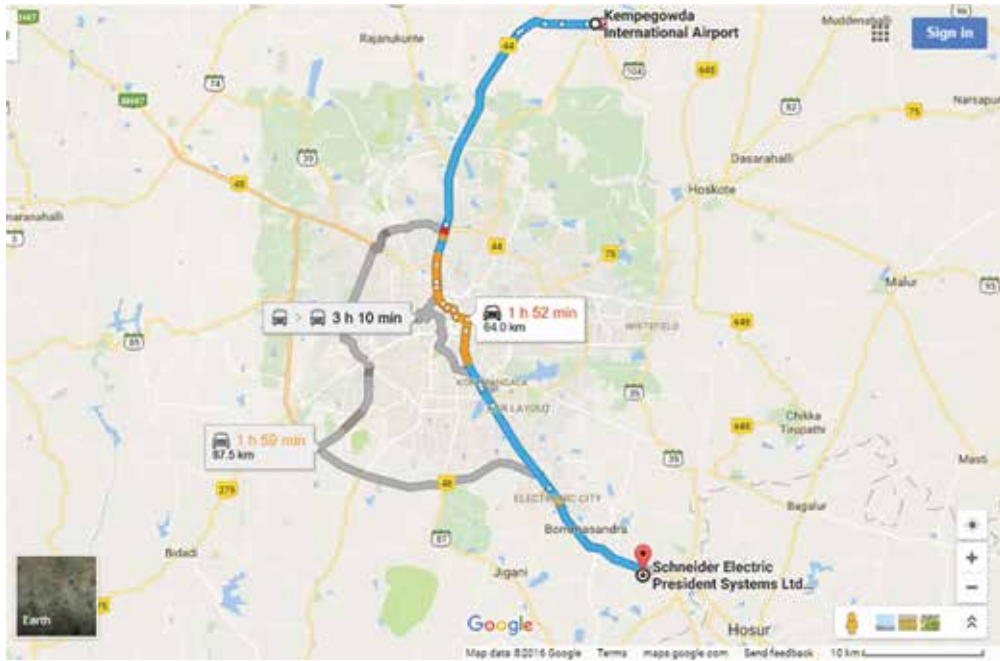
**Priyanka Aggarwal**  
Company Secretary  
ACS: 29587  
Address: B-64, 7<sup>th</sup> Floor, Eden Tower, Plot No. 20, Sector-5,  
Dwarka-110075, New Delhi

**Details of Director seeking re-appointment in the forthcoming Annual General Meeting**

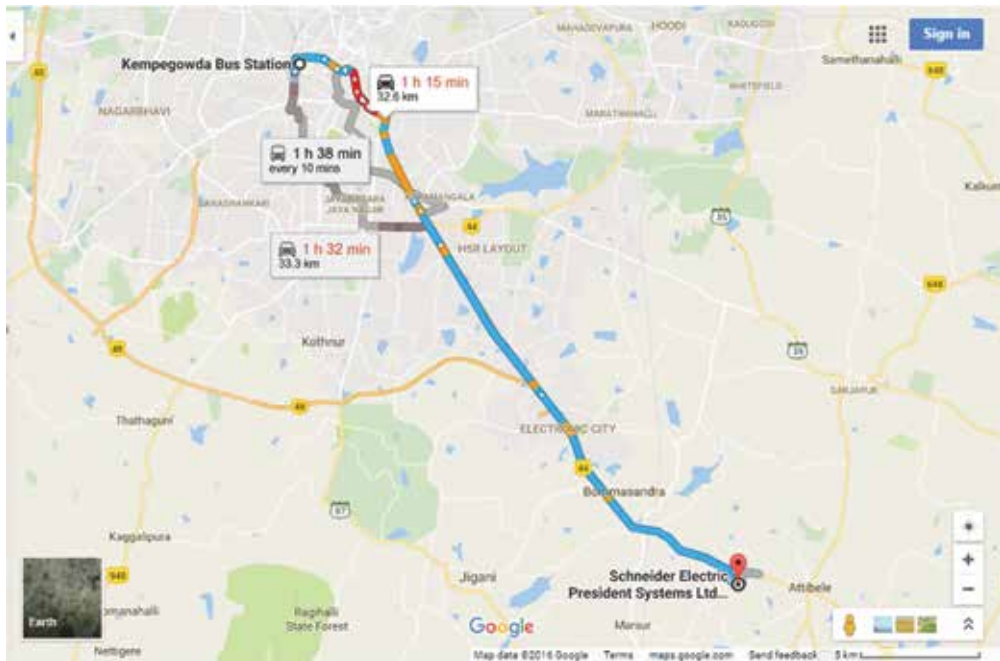
|   |  |
|---|--|
| Name of Director  | Ms. Rachna Mukherjee   |
| Date of Birth   | 30/11/1962   |
| Date of Appointment   | 11/02/2015   |
| Qualification   | Electronics & Electrical Engineer  |
| Expertise in specific functional area   | Expert in areas of Talent Acquisition Management Career/Succession Planning, Organization Capability and Change Management, Leadership Development, Employee Engagement, Compensation, Organization Design etc. She also has rich experience in managing HR Operations |
| List of Companies in which Directorship is held                               | Schneider Electric India Private Limited.  |
| Chairman/Member of the Committee (s) of Board of Directors of Other Companies | Member of Corporate Social Responsibility and Prevention of Sexual Harassment Committee in Schneider Electric India Private Limited  |
| Committee Membership if any in Schneider Electric President Systems Limited   | Member of Nomination and Remuneration Committee  |
| No. of Shares held in the Company   | NIL  |

**Route Map to the Venue of the Annual General Meeting:**

**From Kempegowda International Airport to Registered office Attibele Industrial Area**



**From Kempegowda Bus Station/ Majestic to Registered office Attibele Industrial Area**



## DIRECTORS' REPORT

The Members,

### SCHNEIDER ELECTRIC PRESIDENT SYSTEMS LIMITED

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

#### 1. Financial Results

| Particulars   | Rs. in Lakhs    |                 |
|---|-----------------|-----------------|
|   | 31.03.2017      | 31.03.2016      |
| Gross Revenue from Operations                             | 29,082.00       | 21,539.54       |
| Net Revenue   | 27,154.27       | 20,226.97       |
| <b>Earnings before interest and Depreciation (EBITDA)</b> | <b>2,584.83</b> | <b>1,650.82</b> |
| Less: Interest  | 259.11          | 317.93          |
| Depreciation  | 520.62          | 518.90          |
| <b>Profit / (Loss) before Tax</b>                         | <b>1,805.10</b> | <b>814.00</b>   |
| Less: Provision for Tax                                   | 539.52          | 175.28          |
| Less: Deferred Tax Liability                              | (105.51)        | --              |
| <b>Profit After Tax</b>                                   | <b>1,371.10</b> | <b>638.72</b>   |
| Add: Balance brought forward                              | 1,869.21        | 1,230.50        |
| Less: Adjustment on account of depreciation               | --              | --              |
| <b>Profit available for distribution</b>                  | <b>3,240.31</b> | <b>1,869.21</b> |
| Appropriation   | --              | --              |
| <b>Total Balance carried forward</b>                      | <b>3,240.31</b> | <b>1,869.21</b> |

#### 2. Dividend

After careful assessment of the fund requirement of your Company for the ongoing business, repayment of borrowings and for growth, the Board of Directors have decided not to recommend the declaration of dividend to the Shareholders of the Company.

#### 3. Performance

The Net Revenues (net of duties and taxes) during the year were Rs.27,154 lakhs as against Rs.20,227 lakhs in the previous year. Net Sales Turnover increased by 34% over the previous year.

During the year, there was increase in employee costs of Rs.19 lakhs over previous year.

Casual Labour cost was Rs.748 lakhs as against Rs.667 lakhs in previous year due to increase in sales volume. Power costs was Rs.448 lakhs as against Rs.418 lakhs in previous year due to tariff revision by Karnataka Electricity department. Legal and professional expenses increased to Rs.700 lakhs as against Rs.534 lakhs in previous year. Advertising and sales promotion expenses decreased to Rs.33 Lakhs as against Rs.91 lakhs in previous year. Gain on account of foreign exchange fluctuations (net) increased to Rs.42 lakhs as against loss of Rs.50 lakhs in previous year. Increased sales volumes and effective plant utilization resulted into increase in EBITDA of Rs.2,585 lakhs as against EBITDA of Rs.1,651 lakhs in the previous year.

Revenue from processing at Zinc Plant increased to Rs.493 lakhs against Rs.337 lakhs in previous year. Revenue from services like Commissioning and Installation decreased to Rs.82 lakhs from Rs.86 lakhs in previous year.

#### 4. Directors and Key Managerial Personnel

##### Change in Directors

Pursuant to taking over new role in one of the group Company of Schneider, Mr. Swaminathan Venkatraman resigned from the post of Managing Director and continues to be a Director effective from 31<sup>st</sup> December, 2016.

##### Change in Key Managerial Personnel

Mr. Vigneshwar Bhat, Company Secretary resigned effective 8<sup>th</sup> September, 2016 and Ms. Priyanka Aggarwal appointed as a Company Secretary effective from 01<sup>st</sup> March, 2017.

##### Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Rachna Mukherjee, Director, retire by rotation and being eligible, offers herself for re-appointment.

Considering the background and experience of Ms. Rachna Mukherjee, the Board believes her appointment will immensely benefit your Company. The Board recommends her re-appointment.

Brief particulars of the Director to be re-appointed are given elsewhere in this report.

As per the declarations received, none of the Directors of the Company are disqualified for being appointed/re-appointed as Directors as specified in Section 164(2)(a) and (b) of the Companies Act, 2013.

#### **Board of Directors\***

The following are the Board of Directors as on 31<sup>st</sup> March, 2017:

- 1) Mr. Shravan Vijaykumar Sharma - Chairman
- 2) Mr. Javed Ahmad
- 3) Ms. Rachna Mukherjee
- 4) Mr. Sugata Sircar
- 5) Mr. Swaminathan Venkatraman
- 6) Mr. Vishar Subramanian Vasudevan

\*Arranged in alphabetical order except Chairman

#### **Key Managerial Personnel**

The following are the Key Managerial Personnel as on 31<sup>st</sup> March, 2017:

- 1) Mr. Damodar Kalavala, Chief Financial Officer
- 2) Ms. Priyanka Aggarwal, Company Secretary

### **5. Auditors**

#### **i. Statutory Auditors and Audit Report**

M/s S.R Battiboi & Associates, LLP, Chartered Accountants (Reg. No. 101049W/E300004), Statutory Auditors of the Company, were appointed by the Shareholders of the Company at their 32<sup>nd</sup> Annual General Meeting (AGM) held on September 29, 2016 from the conclusion of 32<sup>nd</sup> Annual General Meeting up to the conclusion of the 37<sup>th</sup> Annual General Meeting of the Company subject to ratification of appointment by the members at every Annual General Meeting.

M/s. S.R Battiboi & Associates, LLP have expressed their willingness to get appointed as the Statutory Auditors of the Company and have furnished a certificate of their eligibility confirming that ratification of their appointment, if made, at the ensuing AGM, would be within the limits specified under Section 139(1) and 141 of the Companies Act, 2013 and the rules framed thereunder.

The Report given by the Auditors on the Financial Statements of the Company forms part hereof.

There were no fraud transactions reported by the Statutory Auditor of the Company.

#### **ii. Cost Auditors**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company has been carrying out audit of cost records. The Board of Directors on the recommendation of Audit Committee has appointed M/s. Rao Murthy & Associates, Cost Accountants, (ICWA Registration No. 000065) as Cost Auditors to audit the cost records of the Company for the Financial Year 2017-18. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the forthcoming Annual General Meeting.

#### **iii. Secretarial Auditor and Secretarial Audit Report**

The Board has appointed M/s HBP & Co, Practicing Company Secretaries to conduct the Secretarial Audit of the Company for the Financial Year 2016-17 as required under Section 204 of the Act and rules made thereunder. The Secretarial Audit Report for the Financial Year 2016-17 is attached as Annexure - II to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **6. Public Deposits**

The Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

### **7. Subsidiary/ Joint Venture/ Associate Companies**

Your Company has no Subsidiary/ Joint Venture/ Associate Company.

### **8. Technical Knowhow**

The Company is fully capable of evolving its own designs as well providing the support required for the operations of the Company.

### **9. Conservation of Energy etc.**

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure I forming part of this report.

#### 10. Reserves

Rs.1,371.09 Lakhs was transferred to General Reserves for the year ended 31<sup>st</sup> March, 2017.

#### 11. Share Capital

The Paid-Up Equity Share Capital of the Company as on 31st March, 2017 was Rs.60,480,000. During the year under review, there has been no change in the Equity Share Capital of the Company.

#### 12. Board Meetings and Annual General Meeting

The Board of Directors met Four (4) times (30th May, 2016, 09th August, 2016, 02nd December, 2016 and 22nd February, 2017) during this Financial Year.

##### Attendance of Directors at the Board Meetings and at the last Annual General Meeting

| S. No. | Name of Directors*            | Position | Classification                                | Number of Board meetings attended (2016-2017) | Attendance at the last AGM held on 29 <sup>th</sup> September, 2016 |
|--------|-------------------------------|----------|---|---|---|
| 1      | Mr. Shravan Sharma            | Chairman | Independent Director (Non-Executive Director) | 3   | Yes   |
| 2      | Mr. Javed Ahmad               | Director | Non-Executive                                 | 4   | No  |
| 3      | Ms. Rachna Mukherjee          | Director | Non-Executive                                 | 3   | No  |
| 4      | Mr. Sugata Sircar             | Director | Non-Executive                                 | 4   | Yes   |
| 5      | Mr. Swaminathan Venkatraman** | Director | Non-Executive                                 | 4   | Yes   |
| 6      | Mr. V.S. Vasudevan            | Director | Independent Director (Non-Executive Director) | 3   | Yes   |

\*Arranged in Alphabetical order except Chairman.

\*\* Effective 31.12.2016 resigned from the post of Managing Director and continued as Director.

#### 13. Declaration from Independent Directors on Annual Basis

The Company has received necessary declaration from all Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6). The Board has duly taken note of the same.

#### 14. Composition of the Committees

Composition of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and CSR Committee are given below:

##### (A) Audit Committee

Audit Committee of the Company comprises of three Directors. Out of three Directors, two are Independent Directors. The composition of the Audit Committee during the year was as under:

| Name                | Designation on the Committee    |
|---------------------|---------------------------------|
| Mr. Shravan Sharma  | Chairman - Independent Director |
| Mr. V. S. Vasudevan | Member - Independent Director   |
| Mr. Sugata Sircar   | Member                          |

The above composition duly meets the requirement of the Companies Act, 2013.

The Internal Auditor, representatives of the Statutory Auditors and Cost Auditors are invitees to the meetings of the Audit Committee. Ms. Priyanka Aggarwal, Company Secretary is the Secretary to the Committee.

The terms of reference and powers of the Audit Committee include overseeing the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, reviewing reasons for the substantial defaults in the payment to depositors, shareholders and creditors, if any and review the function of the Whistle Blower Mechanism.

The Audit Committee acts as a link between the management, external and Internal Auditors and the Board of Directors.

The Audit Committee met 4 times during the year on 30<sup>th</sup> May 2016, 09<sup>th</sup> August, 2016, 02<sup>nd</sup> December, 2016 and 22<sup>nd</sup> February, 2017 and the attendance of all the Audit Committee Members at the said meetings are as under:



| S.No | Name               | Number of Meetings attended |
|------|--------------------|-----------------------------|
| 1    | Mr. Shravan Sharma | 3                           |
| 2    | Mr. Sugata Sircar  | 4                           |
| 3    | Mr. V.S. Vasudevan | 3                           |

Composition of Audit Committee of the Company may be accessed at Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com)

#### (B) Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Company comprising of Mr. V.S. Vasudevan, Mr. Shravan Sharma and Ms. Rachna Mukherjee, Members of the Committee.

The above composition duly meets the requirement of Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee met once during the year on 22<sup>nd</sup> February, 2017 and the attendance of the Committee members at the said meeting is as under:

| S. No | Name                 | Number of Meeting | Attended |
|-------|----------------------|-------------------|----------|
| 1     | Mr. Shravan Sharma   | 1                 | 1        |
| 2     | Ms. Rachna Mukherjee | 1                 | 1        |
| 3     | Mr. V.S. Vasudevan   | 1                 | 1        |

Ms. Priyanka Aggarwal, Company Secretary is Secretary to this Committee.

Composition of Nomination and Remuneration Committee of the Company may be accessed at Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

#### (C) Stakeholders Relationship Committee

The Stakeholders Relationship Committee is responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and attending to the grievances of the shareholders etc.

The Stakeholders Relationship Committee comprises of the following members:

| Name                        | Designation on the Committee   |
|-----------------------------|--------------------------------|
| Mr. Shravan Sharma          | Chairman- Independent Director |
| Mr. Sugata Sircar           | Member                         |
| Mr. Swaminathan Venkatraman | Member                         |

Ms. Priyanka Aggarwal, Company Secretary of the Company is Secretary to this Committee.

Composition of Stakeholders Relationship Committee of the Company may be accessed at Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

#### (D) Risk Management Committee

As a proactive measure, the Board has constituted the Risk Management Committee. The roles and responsibilities of Risk Management Committee includes monitoring and review of risk management plan and reporting the same to the Board of Directors as it may deem fit.

The Risk Management Committee comprises of the following members:

| Name                        | Designation on the Committee   |
|-----------------------------|--------------------------------|
| Mr. Shravan Sharma          | Chairman- Independent Director |
| Mr. Swaminathan Venkatraman | Member                         |
| Mr. Sugata Sircar           | Member                         |

Ms. Priyanka Aggarwal, Company Secretary of the Company is Secretary to this Committee.

Composition of Risk Management Committee of the Company may be accessed at Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

**(E) Corporate Social Responsibility Committee**

The Company has constituted a Corporate Social Responsibility Committee to discharge the duties stipulated under Section 135 of the Companies Act, 2013 which includes formulation and recommendation to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as per Schedule VII to the Companies Act, 2013; recommendations of the amount of expenditure to be incurred and monitoring the CSR Policy of the Company.

The Corporate Social Responsibility Committee comprises of the following members.

| Name                        | Designation on the Committee    |
|-----------------------------|---------------------------------|
| Mr. V. S. Vasudevan         | Chairman - Independent Director |
| Mr. Sugata Sircar           | Member                          |
| Mr. Swaminathan Venkatraman | Member                          |

The above composition duly meets the requirement of the Companies Act, 2013.

The Corporate Social Responsibility Committee met on 22<sup>nd</sup> February, 2017 and the attendance of all the Committee Members at the said meeting are as under:

| S No | Name of the Director        | Number of Meetings held | Attended |
|------|-----------------------------|-------------------------|----------|
| 1    | Mr. V.S. Vasudevan          | 1                       | 1        |
| 2    | Mr. Sugata Sircar           | 1                       | 1        |
| 3    | Mr. Swaminathan Venkatraman | 1                       | 0        |

Ms. Priyanka Aggarwal, Company Secretary of the Company is Secretary to this Committee.

Composition of Corporate Social Responsibility Committee of the Company may be accessed at Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

**15. Extract of Annual Return**

As provided under Section 92(3) of the Act read with Rule 12 (1) of the Companies (Management and Administration) Rules 2014, the extract of annual return is given in **Annexure III** in the prescribed Form MGT-9, which forms part of this report.

**16. Related Party Transactions**

The Company has formulated a policy on Related Party Transaction and on dealing with the Material Related Party Transactions. The Policy has been put up on the website of the Company. All transactions entered with the Related Parties were as per the RPT Policy adopted by the Company.

**17. Remuneration to Directors**

We confirm that the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

**18. Particulars of Employees**

The Information required pursuant to Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, ('the Rules') in respect of employees of the Company, is annexed to this Report.

In terms of first proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars specified under Rule 5(2) & (3) of the Rules. The same are available on the website of the Company viz. [schneiderelectricpresident.com](http://schneiderelectricpresident.com) and is open for inspection by the Members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof may write to the Company Secretary.

**19. Directors' Responsibility Statement**

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company as at 31<sup>st</sup> March, 2017;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 20. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013

Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rules amended up to date, the Company has constituted Internal Complaints Committee(s) at its Office at 5C/1, KIADB Industrial Area, Attibele, Bengaluru -562107, Karnataka and other places where the Offices of the Company are located. The Committees have been given the responsibility to address the complaint received, if any. The Company has also taken certain steps to create awareness about familiarization to the said policy. There was no instance of alleged sexual harassment reported during the year under review.

## 21. Internal Audit

The in-house internal audit department is an independent unit, responsible to provide reasonable assurance with regards to the effectiveness and adequacy of the internal control system and processes. The in-house internal audit department, along with third party audit firms, provides audit assurance on the end-to-end spectrum for the area/processes of the Company. It also adds value for improvement of the Company processes, through a systematic disciplined approach, from inception, through fieldwork, to final reporting, streamlined to fit in the COSO framework, to improve the effectiveness of risk management, control and governance processes.

The audit plan for the year is based on business risk and Internal Control assessment, which is approved by the Audit Committee and Board of Directors of the Company. The Company has set up a robust risk management and Internal Control assessment framework across the organization which facilitates identification, assessment, communication and management of risk in effective manner.

As per the requirement of Companies Act 2013, for the frame work for internal control on financial reporting, the Company has developed Risk and Control Matrix (RCMs). Testing's, post-diagnostic review of the Company's processes are also completed, highlighting existing risk's and corresponding mitigation plan, with closure of previously identified risks', in compliance with requirements of ICFR guidelines.

## 22. Particulars of Loans, Guarantees or Investments

The details of Loans, Guarantees and Investments are given in the Schedule and Notes to the Financial Statements.

## 23. Material Changes and Comments affecting the Financial Position of the Company after 31st March, 2017

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year, to which this financial statement relate and the date of this Report.

## 24. Details of significant and Material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's Operation in future

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations.

## 25. Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with the Rules made thereunder, the Company has formulated and implemented Vigil Mechanism for disclosing of any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and other improper practice or wrongful conduct by employees or directors of the Company.

During the year under review, the Company has not received any complaints relating to unethical behavior, actual or suspected fraud or violation of Company's code of conduct from any employee or directors.

## 26. Risk Management Policy

As a proactive measure, the Company has put in place Risk Minimization and Assessment Procedures. In order to effectively and efficiently manage risk and address challenges, the Company has formulated Risk Management Policy.

The objective of any risk identification and assessment process is to evaluate the combination of likelihood and level of negative impacts from an event. The three main components of a risk assessment are business risk, service/operational risk and external risk.

The Company manages the risk in line with current risk management best practices. This facilitates the achievement of our objectives, operational effectiveness and efficiency, protection of people and assets, informed decision-making, and compliance with applicable laws and regulations.

## 27. Buy back of Securities

The Company has not bought back any of its securities during the year under review.

## 28. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

### 29. Bonus Shares

No Bonus shares were issued during the year under review.

### 30. Status Report-Equity Shares of the Company

The Listing Agreement was entered between the Company with the erstwhile Regional Stock Exchanges - Bangalore Stock Exchange and the Pune Stock Exchange. Consequent to the listing on the Regional Stock Exchanges, the equity shares of the Company were traded on the Bombay Stock Exchange under the "Permitted to Trade" category till 21<sup>st</sup> May, 2015.

Securities and Exchange Board of India (SEBI) de-recognized the Bangalore Stock Exchange and Pune Stock Exchange vide its orders dated December 26, 2014 and April 13, 2015 respectively.

Consequent to de-recognition of Pune Stock Exchange, the Bombay Stock Exchange issued a notification on 18<sup>th</sup> May, 2015 stating that the shares of the Company are suspended for trading with effect from 22<sup>nd</sup> May, 2015.

As per SEBI circular dated May 22, 2014, it was the responsibility of the de-recognized exchange to place companies like ours (which were listed at the regional Stock Exchange only) on the Dissemination Board. Accordingly, the Company's shares were moved to the Dissemination Board of NSE effective 25<sup>th</sup> July, 2016.

The Promoter of the Company i.e. Schneider South East Asia (HQ) Pte Ltd ("Promoter") in accordance with the SEBI Circular SEBI/HO/MRD/DSA/CIR/P/2016/110 dated 10th October 2016 has made an exit offer to the Public Shareholders of the Company by providing them the exit opportunity by buying the shares from them at Rs. 200.40 per share from February 24, 2017 to March 10, 2017 ("Offer Period"). The Public Shareholders who could not avail the exit opportunity during the Offer Period, still have an option to tender their shares to the Promoter at the same price till 11 March, 2018.

### 31. Code of conduct and ethics

The Board of the Company has adopted a Code of Conduct and Ethics for the Directors and Senior Executives of the Company. The objective of the code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code sets out a broad policy for one's conduct in dealing with the Company, fellow Directors and Employees and with the environment in which the Company operates. The code is available on the Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

### 32. Adoption of new Articles of Association and alteration of Memorandum of Association

In order to bring the Articles of Association (AOA) of the Company and Memorandum of Association in line with the provisions of the Companies Act, 2013, the Board of Directors recommended the new set of the Articles of Association of the Company ('New Articles'), in substitution of, and to the exclusion of, the AOA and alteration of the Memorandum of Association of the Company. Accordingly, the resolution to adopt the New Articles and alteration of the Memorandum of Association was passed by Board of Directors of the Company in their meeting held on 03<sup>rd</sup> August, 2017, subject to the approval of the requisite majority of shareholders of the Company in the ensuing Annual General Meeting.

The New Articles and altered Memorandum of Association of the Company are available on the website of the Company at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

### 33. Policy on Remuneration to be paid to Directors, Key Managerial Personnel (KMP) and other employees and criteria for appointment of Directors

Your Company has in place Remuneration Policy for Directors, KMP and all other employees of the Company and Criteria for Appointment of Directors. The policies were adopted in line with the requirements of the Companies Act, 2013. The Policy, inter-alia, requires the Directors to be of high integrity with relevant expertise and experience so as to have a diverse Board. The Policy further lay down the positive attributes/ criteria which the Nomination and Remuneration Committee keep in mind while recommending the candidature for the appointment as a Director. Policy on Remuneration to be paid to Directors, Key Managerial Personnel (KMP) and other employees and criteria for appointment of Directors is annexed to this Report at **Annexure-IV**.

### 34. Corporate Social Responsibility

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure-V**.

The CSR Policy may be accessed on the Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

### 35. Acknowledgement

Your Directors would like to thank all stakeholders, namely, customers, shareholders, dealers, suppliers, bankers, employees and all other business associates for the continuous support given by them to the Company and its Management.

For and on Behalf of the Board of Directors

**A. Conservation of Energy:**

1. The company production activity is not energy intensive. Adequate measures have been taken to optimize energy usage (e.g. LED Lighting, Gas Bank ,5 star rating AC, energy curtain etc)
2. Following are the project in execution to reduce the energy consumption
  - o *Gail Gas*: - From Tradition Gas bank, we are changing over to Piped Gas, this will allow in reduction of wastages and optimize the consumption of energy.
  - o *New Laser Machine* (technology and speed) Investment – Rs. 15000000.
  - o Conversion of Old sodium vapour lamps to High power LED lights. Investment – Rs. 1000000.
  - o Conversion Transformer rectifier to IGBT rectifier in Plating Plant Investment. – Rs. 1500000.
  - o Changing old Air conditioner in factory to 5star rating. Investment- Rs. 600000
  - o Changing of old air compressor to new high efficiency motor with variable speed drive. Investment – Rs. 1800000
3. Total energy consumption is 3257368 KWH. Consumption per unit data cannot be provided as the product are not of a standardized nature

**B. Technology Absorption**
**I. Research & Development**

|    |  |   |
|----|--|---|
| 1. | Specific areas in which R & D Carried by the Company | This is ongoing process in the company  |
| 2. | Benefits derived because of the above R & D          | Improving Quality and Product reliability keeping to international market demand                          |
| 3. | Future of action                                     | Development of new product to improve product range and product application for other fields              |
| 4. | Expenditure on R & D<br>a) Capital<br>b) Recurring   | Development work on product is continuous and is debited to profit and loss account under respective head |

**II. Technology Absorption**

|    |  |  |
|----|--|--|
| 1. | Efforts made towards technology absorption | The Company has in-house R&D Facility, in which New product development and improvement in processes is carried out.   |
| 2. | Benefits derived due to above              | All products are designed in house. Proto types are then developed and tested before introducing these products into the manufacturing range. The process of manufacturing established is based on the product features. |

2. Details on the new product developed during the year FY 2016-17
  - o *Hepta*: It has 7 range of Metering Boxes catering to Australian market overall volume of 60000/Year
  - o *Out Door Enclosure*: Developed enclosures for Telecom application with IP55 Capability and Thermal Management, with Remote monitoring and, ready to plugin DCDB for telecom equipment

**C. Foreign Exchange Earnings & Outgo**

| Sr. No. | Particulars   | 31.03.2017<br>(Rs)       | 31.03.2016<br>(Rs)     |
|---------|---|--------------------------|------------------------|
| 1.      | <b>Foreign Exchange earned:</b><br>a) Export of goods on FOB basis<br>b) Sale of services | <b>402,353,255</b><br>-- | 331,298,731<br>600,131 |

| <b>Sr. No.</b> | <b>Particulars</b>                      | <b>31.03.2017<br/>(Rs)</b> | <b>31.03.2016<br/>(Rs)</b> |
|----------------|---|----------------------------|----------------------------|
| <b>2.</b>      | <b>Foreign Exchange outgo:</b>          |                            |                            |
|                | a) Import of Capital Goods              | <b>3,725,594</b>           | 22,236,929                 |
|                | b) Import of Raw Materials & Components | <b>237,552,632</b>         | 179,154,106                |
|                | c) Import of Traded Goods               | <b>11,868,745</b>          | 25,801,757                 |
|                | d) Legal and Professional fees          | <b>39,994,117</b>          | 26,327,866                 |
|                | e) Staff Welfare Expenses               | <b>3,318,371</b>           | 2,040,534                  |
|                | f) Freight and forwarding charges       | <b>802,554</b>             | 552,539                    |
|                | g) Repairs and maintenance - Others     | --                         | 139,189                    |
|                | h) Consumables                          | <b>882,168</b>             | --                         |
|                | i) Miscellaneous                        | --                         | 282,280                    |

**For and on Behalf of the Board of Directors**

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

**Shravan Sharma**  
Chairman

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Schneider Electric President Systems Limited  
5C/1, KIADB Industrial Area,  
Attibele, Bangalore -562107

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Schneider Electric President Systems Limited., (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - Not applicable as unlisted Company.
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The Company has identified the following laws as specifically applicable to the Company:

1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder
2. Boilers Act, 1923 & Rules made thereunder
3. Electricity Act, 2003
4. Gas Cylinder Rules, 1981 (under Indian Explosives Act)
5. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (under Indian Explosives Act)
6. Environment (Protection) Act, 1986
7. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ concerned State Rules.
8. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ concerned State Rules
9. Hazardous Wastes (Management and Handling) Rules, 1989
10. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
11. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules.
12. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.

13. The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules.
14. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.
15. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.
16. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.
17. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.
18. The Maternity Benefit Act, 1961 & its Rules.
19. The Equal Remuneration Act, 1976.
20. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.
21. The Apprentices Act, 1961 & its Rules.
22. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
23. The Workmen's Compensation Act, 1923
24. The Industrial Dispute Act, 1947
25. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 if Applicable  
-Not applicable as the company is an unlisted Company

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Board duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

We have examined that the Listing Agreement was entered into by the Company with the erstwhile Bangalore Stock Exchange and the Pune Stock Exchange. The Bangalore Stock Exchange and the Pune Stock Exchange were derecognized by the Securities and Exchange Board of India (SEBI) vide its order dated December 26, 2014 and April 13, 2015 respectively. The Company has complied with the provisions of the listing agreement till the same where applicable to it. Thereafter, the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not applicable to the Company as the Company has not entered into an Agreement with any of the Recognized Stock Exchanges.

We further report that during the audit period, in accordance with the SEBI Circular SEBI/HO/MRD/DSA/CIR/P/2016/110 dated 10th October 2016, the sole promoter of the Company i.e. Schneider South East Asia (HQ) Pte Ltd has come out with an open offer to the Public Shareholders of the Company at Rs. 200.40 per share to give an Exit option to the public Shareholders of the Company.

There are no other specific events/actions in pursuance of the above referred laws, rules, regulations guidelines etc., having a major bearing on the Company's Affairs.

The Secretarial audit report of even date is to be read along with '**Annexure A**'

**For HBP & Co**  
Company Secretaries

Place: Bangalore  
Date: 03<sup>rd</sup> August, 2017

**Pramod S M**  
Partner  
FCS 7834 / CP No. 13784



**'ANNEXURE A' TO THE SECRETARIAL AUDIT REPORT**

To,  
The Members,  
Schneider Electric President Systems Limited  
5C/1, KIADB Industrial Area,  
Attibele, Bangalore -562107

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices for the audit, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Directors have taken on record by the Board of the Company. In our opinion, adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For HBP & Co  
Company Secretaries

Place: Bangalore  
Date: 03<sup>rd</sup> August, 2017

Pramod S M  
Partner  
FCS 7834 / CP No. 13784

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- (i) CIN: U32109KA1984PLC079103
- (ii) Name of the Company: Schneider Electric President Systems Limited
- (iii) Category / Sub-Category of the Company: Company Limited by shares/Indian Non-Government Company
- (iv) Address of the Registered office and contact details: 5C/1, KIADB Industrial Area, Attibele, Bengaluru - 562107, Karnataka. Tel. No. 91 080-67888300, Email : priyanka.aggarwal@schneider-electric.com
- (v) Whether listed company: No
- (vi) Name, Address and Contact details of Registrar and Transfer Agent, if any: Universal Capital Securities Private Limited, 21, Shakil Nivas, Mahakali Caves Road, Andheri (E) Mumbai 400 093, Telephone : +91-22-28207203-05 Fax : +91- 22-28207207, E-mail: [karlekar@uniseq.in](mailto:karlekar@uniseq.in) Contact Person : Mr. Rajesh Karlekar/ Mr. Ravi Utekar

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1.      | Manufacture of other structural metal products  | C25119                           | 100                                |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

| Sl. No. | Name and Address of the Company  | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|---------|--------------------------------|------------------|--------------------|
| 1       | Schneider Electric South East Asia (HQ) Pte. Ltd., 10, ANG KIO, Street-65, Singapore | NA      | Holding Company                | 75%              | 2(46)              |

**IV. SHARE HOLDING PATTERN**

Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

**i) Category - wise Share Holding**

| Category code | Category of Shareholder             | No. of shares held at the beginning of the year |          |          |                   | No. of shares held at the end of the year |          |          |                   | % change during the year |
|---------------|-------------------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
|               |                                     | Demat   | Physical | Total    | % of Total Shares | Demat                                     | Physical | Total    | % of Total Shares |                          |
| <b>(A)</b>    | <b>Promoters</b>                    |   |          |          |                   |   |          |          |                   |                          |
| <b>1</b>      | <b>Indian</b>                       |   |          |          |                   |   |          |          |                   |                          |
| (a)           | Individuals/ Hindu Undivided Family | 0   | 0        | 0        | 0.00              | 0   | 0        | 0        | 0.00              | 0.00                     |
| (b)           | Central Govt(s)                     | 0   | 0        | 0        | 0.00              | 0   | 0        | 0        | 0.00              | 0.00                     |
| (c)           | State Govt(s)                       | 0   | 0        | 0        | 0.00              | 0   | 0        | 0        | 0.00              | 0.00                     |
| (d)           | Bodies Corporate                    | 0   | 0        | 0        | 0.00              | 0   | 0        | 0        | 0.00              | 0.00                     |
| (e)           | Banks / FI                          | 0   | 0        | 0        | 0.00              | 0   | 0        | 0        | 0.00              | 0.00                     |
| (f)           | Any Others(Specify)                 |   |          |          |                   |   |          |          |                   |                          |
|               | <b>Sub Total(A)(1)</b>              | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0.00</b>       | <b>0</b>                                  | <b>0</b> | <b>0</b> | <b>0.00</b>       | <b>0.00</b>              |

| Category code | Category of Shareholder  | No. of shares held at the beginning of the year |          |                  |                   | No. of shares held at the end of the year |          |                  |                   | % change during the year |
|---------------|--|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
|               |  | Demat   | Physical | Total            | % of Total Shares | Demat                                     | Physical | Total            | % of Total Shares |                          |
| <b>2</b>      | <b>Foreign</b>   |   |          |                  |                   |   |          |                  |                   |                          |
| A             | NRIs - Individuals   |   |          | 0                | 0.00              |   |          | 0                | 0.00              | 0.00                     |
| B             | Other Individuals  |   |          | 0                | 0.00              |   |          | 0                | 0.00              | 0.00                     |
| C             | Bodies Corporate   | 4,535,994                                       | 0        | 4,535,994        | 75.00             | 4,535,994.00                              | 0        | 4,535,994        | 75.00             | 0.00                     |
| D             | Banks / FI   |   |          | 0                | 0.00              |   |          | 0                | 0.00              | 0.00                     |
| E             | Any Others (Specify)   |   |          |                  |                   |   |          |                  |                   |                          |
|               | <b>Sub Total(A)(2)</b>   | <b>4,535,994</b>                                | <b>0</b> | <b>4,535,994</b> | <b>75.00</b>      | <b>4,535,994</b>                          | <b>0</b> | <b>4,535,994</b> | <b>75.00</b>      | <b>0.00</b>              |
|               |  |   |          |                  |                   |   |          |                  |                   |                          |
|               | <b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>                       | <b>4,535,994</b>                                | <b>0</b> | <b>4,535,994</b> | <b>75.00</b>      | <b>4,535,994</b>                          | <b>0</b> | <b>4,535,994</b> | <b>75.00</b>      | <b>0.00</b>              |
|               |  |   |          |                  |                   |   |          |                  |                   |                          |
| <b>(B)</b>    | <b>Public shareholding</b>   |   |          |                  |                   |   |          |                  |                   |                          |
| <b>1</b>      | <b>Institutions</b>  |   |          |                  |                   |   |          |                  |                   |                          |
| (a)           | Mutual Funds   | 0   | 0        | 0                | 0.00              |   | 0        | 0                | 0.00              |                          |
| (b)           | Banks / FI   | 2,650   | 0        | 2,650            | 0.04              | 0   | 0        | 0                | 0.00              | -0.04                    |
| (c)           | Central Govt(s)  |   |          | 0                | 0.00              |   | 0        | 0                | 0.00              | 0.00                     |
| (d)           | State Govt(s)  |   |          | 0                | 0.00              |   | 0        | 0                | 0.00              | 0.00                     |
| (e)           | Venture Capital Funds  |   |          | 0                | 0.00              |   | 0        | 0                | 0.00              | 0.00                     |
| (f)           | Insurance Companies  |   |          | 0                | 0.00              |   | 0        | 0                | 0.00              | 0.00                     |
| (g)           | FIs  | 0   | 0        | 0                | 0.00              |   | 0        | 0                | 0.00              | 0.00                     |
| (h)           | Foreign Venture Capital Funds  |   |          | 0                | 0.00              |   |          | 0                | 0.00              | 0.00                     |
| (i)           | Any Other (specify)  |   |          |                  |                   |   |          |                  |                   |                          |
|               | <b>Sub-Total (B)(1)</b>  | <b>2,650</b>                                    | <b>0</b> | <b>2,650</b>     | <b>0.04</b>       | <b>0</b>                                  | <b>0</b> | <b>0</b>         | <b>0.00</b>       | <b>-0.04</b>             |
|               |  |   |          |                  |                   |   |          |                  |                   |                          |
| <b>B 2</b>    | <b>Non-institutions</b>  |   |          |                  |                   |   |          |                  |                   |                          |
| <b>(a)</b>    | <b>Bodies Corporate</b>  |   |          |                  |                   |   |          |                  |                   |                          |
| (i)           | Indian   | 159,345   | 846      | 160,191          | 2.65              | 131,449                                   | 846      | 132,295          | 2.19              | -0.46                    |
| (ii)          | Overseas   |   |          | 0                | 0.00              |   |          | 0                | 0.00              | 0.00                     |
| <b>(b)</b>    | <b>Individuals</b>   |   |          |                  |                   |   |          |                  |                   |                          |
| (i)           | Individual shareholders holding nominal share capital up to Rs 1 lakh          | 768,555   | 75,079   | 843,634          | 13.95             | 631,772                                   | 74,579   | 706,351          | 11.68             | -2.27                    |
| (ii)          | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 475,235   | 0        | 475,235          | 7.86              | 428,566                                   | 0        | 428,566          | 7.09              | -0.77                    |

| Category code | Category of Shareholder                             | No. of shares held at the beginning of the year |               |                  |                   | No. of shares held at the end of the year |               |                  |                   | % change during the year |
|---------------|---|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
|               |   | Demat   | Physical      | Total            | % of Total Shares | Demat                                     | Physical      | Total            | % of Total Shares |                          |
| (c)           | Others (specify)                                    |   |               |                  |                   |   |               |                  |                   |                          |
| (i)           | Clearing Members                                    | 26,108  | 0             | <b>26,108</b>    | 0.43              | 5,752                                     | 0             | <b>5,752</b>     | 0.10              | -0.34                    |
| (ii)          | Trusts  |   |               | <b>0</b>         | 0.00              |   |               | <b>0</b>         | 0.00              | 0.00                     |
| (iii)         | NRI / OCBs  | 4,188   | 0             | <b>4,188</b>     | 0.07              | 6,764                                     | 0             | <b>6,764</b>     | 0.11              | 0.04                     |
| (iv)          | Exit offer – ESCROW A/C                             |   |               | <b>0</b>         | 0.00              | 232,278                                   |               | <b>232,278</b>   | 3.84              | 3.84                     |
| (v)           | Foreign Corporate Body                              |   |               | <b>0</b>         | 0.00              |   |               | <b>0</b>         | 0.00              | 0.00                     |
|               | <b>Sub-Total (B)(2)</b>                             | <b>1,433,431</b>                                | <b>75,925</b> | <b>1,509,356</b> | 24.96             | <b>1,436,581</b>                          | <b>75,425</b> | <b>1,512,006</b> | 25.00             | 0.00                     |
| (B)           | <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b> | <b>1,436,081</b>                                | <b>75,925</b> | <b>1,512,006</b> | 25.00             | <b>1,436,581</b>                          | <b>75,425</b> | <b>1,512,006</b> | 25.00             | 0.00                     |
|               | <b>TOTAL (A)+(B)</b>                                | <b>5,972,075</b>                                | <b>75,925</b> | <b>6,048,000</b> | 100.00            | <b>5,972,575</b>                          | <b>75,425</b> | <b>6,048,000</b> | 100.00            | 0.00                     |
| (C)           | Shares held by Custodians for GDRs & ADRs           | 0.00  | 0.00          | 0.00             | 0.00              | 0.00                                      | 0.00          | 0.00             | 0.00              | 0.00                     |
|               | <b>GRAND TOTAL (A)+(B)+(C)</b>                      | <b>5,972,075</b>                                | <b>75,925</b> | <b>6,048,000</b> | 100.00            | <b>5,972,575</b>                          | <b>75,425</b> | <b>6,048,000</b> | 100.00            | 0.00                     |

(ii) Shareholding of Promoters:

| Sl. No. | Shareholder's Name                                 | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |  | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total Shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total Shares |   |
| 1.      | Schneider Electric South East Asia (HQ) Pte. Ltd., | 4,535,994                                 | 75                               | Nil  | 4,535,994                           | 75                               | Nil  | Nil                                       |
| Total   |  | 4,535,994                                 | 75                               |  | 4,535,994                           | 75                               |  |   |

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No Change

| Sl. No. | Name of the Shareholder Promoter                   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |    |
|---------|--|---|----------------------------------|---|----------------------------------|----|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |    |
| 1.      | Schneider Electric South East Asia (HQ) Pte. Ltd., |   |                                  |   |                                  |    |
|         |  | At the beginning of the year              | 4,535,994                        | 75                                      | 4,535,994                        | 75 |
|         |  | At the End of the year                    | 4,535,994                        | 75                                      | 4,535,994                        | 75 |

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No | Name of the shareholder             |          | Shareholding at the beginning of the year [01-April -2016] |                                  | Cumulative Shareholding during the year [31-March-2017] |                                  |
|--------|-------------------------------------|----------|--|----------------------------------|---|----------------------------------|
|        |                                     |          | No. of shares  | % of total shares of the company | No. of shares   | % of total shares of the company |
|        | <b>At the beginning of the year</b> |          |  |                                  |   |                                  |
| 1      | DHEERAJ KUMAR LOHIA                 |          | 74656  | 1.23                             | 74656   | 1.23                             |
| 2      | HITESH SATISHCHANDRA DOSHI          |          | 57021  | 0.94                             | 57021   | 0.94                             |
| 3      | BHANU SATISHCHANDRA DOSHI           |          | 40636  | 0.67                             | 40636   | 0.67                             |
| 4      | ALKA DUA                            |          | 30748  | 0.51                             | 30748   | 0.51                             |
| 5      | KETAN DEDHIA                        |          | 30038  | 0.50                             | 30038   | 0.50                             |
| 6      | GLOBE CAPITAL MARKET LTD            |          | 30000  | 0.50                             | 30000   | 0.50                             |
| 7      | CAMEL FOODS PVT LTD.                |          | 27192  | 0.45                             | 27192   | 0.45                             |
| 8      | RAHUL KANTILAL VARDHAN              |          | 25845  | 0.43                             | 25845   | 0.43                             |
| 9      | SUNITA KANTILAL VARDHAN             |          | 25672  | 0.42                             | 25672   | 0.42                             |
| 10     | LINCOLN P COELHO                    |          | 25000  | 0.41                             |   |                                  |
|        | 10/03/2017                          | Transfer | -25000   | -0.41                            | 0   | 0.00                             |
| 11     | S BRINDA                            |          | 21959  | 0.36                             | 21959   | 0.36                             |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | Name of the Directors / KMP | Remark                       | Shareholding/ Transaction Date | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-----------------------------|------------------------------|--------------------------------|---|----------------------------------|---|----------------------------------|
|         |                             |                              |                                | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | Mr. Shravan Sharma          | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 2.      | Mr. Javed Ahmad             | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 3       | Mr. V.S Vasudevan           | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 4       | Mr. Sugata Sircar           | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 5       | Mr. Swaminathan Venkatraman | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 6       | Ms. Rachna Mukherjee        | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 7       | Mr. Damodar Kalavala        | At the beginning of the year | 01-04-2016                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |
| 8       | Ms. Priyanka Aggarwal       | At the beginning of the year | 01-03-2017                     | 00  | 00                               | 00                                      | 00                               |
|         |                             | At the end of the year       | 31-03-2017                     |   |                                  |   |                                  |

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

| Description   | Secured Loans excluding deposits (In Rs) | Unsecured Loans (In Rs) | Deposits (In Rs) | Total Indebtedness (In Rs) |
|---|--|-------------------------|------------------|----------------------------|
| Indebtedness at the beginning of the financial year |  |                         |                  |                            |
| (i) Principal Amount                                | -  | 308,355,333             | -                | 308,355,333                |
| (ii) Interest due but not paid                      | -  | -                       | -                | -                          |
| (iii) Interest accrued but not due                  | 34,405                                   | 4,348,966               | -                | 4,383,371                  |
| <b>Total (i+ii+iii)</b>                             | <b>34,405</b>                            | <b>312,704,299</b>      | <b>-</b>         | <b>312,738,704</b>         |
| Change in Indebtedness during the financial year    | (34,405)                                 | (150,034,459)           | -                | (150,068,864)              |
| <b>Net Change</b>                                   | <b>(34,405)</b>                          | <b>(150,034,459)</b>    | <b>-</b>         | <b>(150,068,864)</b>       |
| Indebtedness at the end of the financial year       |  |                         |                  |                            |
| i) Principal Amount                                 | -  | 159,935,461             | -                | 159,935,461                |
| ii) Interest due but not paid                       | -  | -                       | -                | -                          |
| iii) Interest accrued but not due                   | -  | 2,734,379               | -                | 2,734,379                  |
| <b>Total (i+ii+iii)</b>                             | <b>-</b>                                 | <b>162,669,840</b>      | <b>-</b>         | <b>162,669,840</b>         |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager (Rs)<br>Swaminathan Venkatraman | Total Amount (Rs) |
|---------|---|---|-------------------|
| 1.      | Gross Salary  |   |                   |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 8,470,272   | 8,470,272         |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 177,280   | 177,280           |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | 0   | 0                 |
| 2.      | Stock Option  | 0   | 0                 |
| 3.      | Sweat Equity  | 0   | 0                 |
| 4.      | Commission (Performance Incentive)  | 0   | 0                 |
| 5.      | Others  | 1,338,571   | 1,338,571         |
|         | <b>Total</b>  | <b>9,986,123*</b>                                       | <b>9,986,123*</b> |

\* Salary for part of the year from 01.04.2016 to 31.12.2016.

**B. Remuneration to other directors:**

| Sl. No. | Particulars of Remuneration  | Name of Directors   |                              | Total Amount |
|---------|--|---|------------------------------|--------------|
|         | (i) Independent Directors  | Mr. Shravan Sharma (In Rs.)   | Mr. V. S. Vasudevan (In Rs.) | (In Rs.)     |
|         | <ul style="list-style-type: none"> <li>• Fee for attending board and committee meetings</li> <li>• Commission</li> <li>• Others</li> </ul> | 164,000   | 139,000                      | 303,000      |
|         | <b>Total (1)</b>   | 164,000   | 139,000                      | 303,000      |
|         | (ii) Other Non-Executive Directors   |   |                              |              |
|         | <ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others</li> </ul>     |   |                              |              |
|         | <b>Total (2)</b>   |   |                              |              |
|         | <b>Total (B)=(1+2)</b>   | 164,000   | 139,000                      | 303,000      |
|         | <b>Total Managerial Remuneration Overall Ceiling as per the Act</b>  | The remuneration was paid as per the provisions of the Companies Act, 2013. |                              |              |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

| Sl.No. | Particulars of Remuneration   | Key Managerial Personnel                                   |   |                          |
|--------|---|--|---|--------------------------|
|        |   | Vighneshwar Bhat<br>(Company Secretary)<br>(Amount in Rs.) | Damodar Kalavala (CFO)<br>(Amount in Rs.) | Total<br>(Amount in Rs.) |
| 1.     | Gross Salary  |  |   |                          |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,167,486  | 3,053,810                                 | 4,221,296                |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 105,876  | 201,776                                   | 307,652                  |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | 0  | 0   | 0                        |
| 2.     | Stock Option  | 0  | 0   | 0                        |
| 3.     | Sweat Equity  | 0  | 0   | 0                        |
| 4.     | Commission as % of profit   | 0  | 0   | 0                        |
| 5.     | Others  | 0  | 0   | 0                        |
|        | <b>Total</b>  | <b>1,273,362*</b>  | <b>3,255,586</b>                          | <b>4,528,948</b>         |

\*Salary for part of the year

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                               | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any (give Details) |
|------------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| <b>A. COMPANY</b>                  |                              |                   |   |                            |                                    |
| Penalty                            | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Punishment                         | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Compounding                        | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| <b>B. DIRECTORS</b>                |                              |                   |   |                            |                                    |
| Penalty                            | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Punishment                         | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Compounding                        | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| <b>C OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                            |                                    |
| Penalty                            | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Punishment                         | Nil                          | Nil               | Nil   | Nil                        | Nil                                |
| Compounding                        | Nil                          | Nil               | Nil   | Nil                        | Nil                                |



**POLICY ON REMUNERATION TO BE PAID TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT OF DIRECTORS****Remuneration Policy****Non-Executive Independent Directors**

Non-Executive Independent Directors are appointed for their professional expertise in their respective fields in individual capacity and receive sitting fees for attending the meetings of the Board and Committees thereof as approved by the Board from time to time.

**Executive/Whole-Time Directors**

The Committee shall recommend Remuneration of Whole-Time Directors which will be again recommended by the Board and finally approved by the shareholders.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Whole-Time Directors.

Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. This is further benchmarked so as to attract and retain the right talent for the job.

**Key Managerial Personnel and Other Employees**

The remuneration of Key Managerial Personnel and other employees largely consists of basic salary, perquisites and allowances. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different levels and are governed by the industry pattern, qualification & experience/ merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package as is prevailing in the industry.

The annual variable pay of Key Managerial Personnel and employees is linked to the performance of the Company in general for the relevant year and measured against Company's objectives fixed in the beginning of the year.

**Director's Qualification and Evaluation Criteria**

The composition and strength of the Board of Directors (the "Board") of the Company is subject to the provisions of the Companies Act, 2013 and Articles of Association of the Company.

Within the defined parameters, as above, the Board determines the size and composition of the Board.

The Nomination and Remuneration Committee of the Board (the "Committee") is responsible for evaluating the qualifications of each candidate to be appointed as Director on the Board of the Company and of those Directors who are to be nominated for election by shareholders at each annual shareholder's meeting.

The qualification criteria set forth herein below is designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

**Director Qualification Criteria- General**

It is not mandatory to establish specific minimum age, education, years of business experience or specific types of skills for Board Members, but, in general, it is expected from an Independent Director to possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business and to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values. In its evaluation, the Committee shall consider the Board size and composition of the Board according to the following guidelines:

With respect to Board composition as a whole, the Board will maintain composition of the Directors pursuant to applicable laws, rules and regulation and the Independence Standards set forth below:

**Additional Qualification Review Criteria**

The Committee shall also consider whether each Director candidate and each Director possesses the following

- The highest level of personal and professional ethics, integrity and values;
- An appreciation of the Company's mission and purpose,
- The ability to exercise objectivity and independence in making informed business decisions;
- The willingness and commitment to devote the time necessary to fulfill his/ her duties;
- The ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and

- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable Company or organization, including, but not limited to relevant experience in manufacturing, international operations, finance, accounting, legal, strategic planning, supply chain, technology and marketing.

### Independent Directors

It is expected that an Independent Director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his/ her duties;
- (3) exercise his/ her responsibilities in a bona fide manner in the interest of the Company;
- (4) devote sufficient time and attention to his/ her obligations towards the Company for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his/ her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his/ her position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his/ her independence;
- (8) where circumstances arise which make an Independent Director lose his/ her independence, the independent Director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

### Role and functions:

The Independent Directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of Board and management;
- (3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive Director/s, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### Duties:

The independent Directors shall

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his/ her authority, assist in protecting the legitimate interests of the company, shareholders and its employees; not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

**Independence Review Procedures****Annual Review**

Determinations of Director's independence will be made by the Board for each Director on an annual basis.

**Individual Director - Independence Determinations**

If a Director nominee is considered for election to the Board between annual meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-to-case basis for each Director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any Director is not independent even if he or she satisfies the criteria set forth above.

**Notice of Change of Circumstances** Each Director has an affirmative obligation to notify the Company of any change in circumstances that may put his/ her independence at issue. If so notified, the Committee shall re-evaluate such Director 's independence, as promptly as practicable, and make a recommendation to the Board with respect to such Director 's independence.

**Annual Report on CSR Activities of the Company**

1. A brief outline of the Company's CSR Policy, The Company's CSR Policy has been framed within the objectives including overview of projects prescribed under Schedule VII of the Companies Act, 2013 or programmes proposed to be undertaken as per the following Vision and Objective: and a reference to the web link to the CSR policy and project or programmes

1. Vision:

To be an active contributor in raising the country's human development index and fulfill the role of a Socially Responsible Corporate, with environment concerns.

2. Objective:

- 2.1. To align and integrate the Schneider-CSR activities with the Schneider philosophy and make them outcome oriented.

- 2.2. To sustain and continuously improve the quality of life and economic well being of the local populace.

- 2.3. To create a brand image of Schneider which society will want to exist as a socially responsible image.

CSR activities proposed to be undertaken by the Company shall be in pursuance to Section 135 read with Schedule VII of the Companies Act, 2013.

The policy is also posted on the Company's website at [www.schneiderelectricpresident.com](http://www.schneiderelectricpresident.com).

3. The Composition of the CSR Committee Name Category/Director

|                             |                                |
|-----------------------------|--------------------------------|
| Mr. V. S. Vasudevan         | Chairman- Independent Director |
| Mr. Sugata Sircar           | Member                         |
| Mr. Swaminathan Venkatraman | Member                         |

4. Average net profit of the Company for last three years (Amount in Rs. 78.20 Lakh)
5. Prescribed CSR Expenditure (two per cent of item 3 above) Amount in Rs. 156,406
6. Details of CSR spent during the year
  - 1) Amount to be spent for the year- Rs. 156,406
  - 2) Amount Unspent, if any NIL
  - 3) Manner in which the amount spent during the financial year
    - Scholarship Program- Rs.148,586
    - Towards Staff Salaries/Administrative Expenses- Rs. 7,820

**For and on Behalf of the Board of Directors**

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

**Shravan Sharma**  
Chairman

Addendum to Director's report in respect to auditor's report with regard to qualification for the year 2016-17

| Ref. Point No.  | Qualification   | Board Response   |
|---|---|--|
| Annexure 2 to the Independent Auditor's Report under head Qualified Opinion | The Company's entity level controls with respect to timely remediation of deficiencies identified and communicated by the internal audit function need to be strengthened to operate effectively. | Your company is in the process of taking all possible corrective actions to rectify deficiencies identified by internal audit function. Few action plans are pending as they are dependent on a Global project and expected to be closed by end of current financial year. |

**For and on Behalf of the Board of Directors**

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

**Shravan Sharma**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Trends:

#### IT Infrastructure Market

The Indian IT infrastructure (Data Center and network) market, comprising enterprise networking, storage and servers, will total USD 2.2 Billion in 2017, a 1.5 percent increase from 2016 revenue, said information technology research firm Gartner in its latest report, which projects IT infrastructure growth from 2017 to 2021.

#### Intelligent, digital, and mesh to drive technology

In a recent Gartner report, these technologies are mentioned to have disruptive potential across industries. Even though these technologies are still in a very nascent stage, they are increasingly getting integrated to everyday used technologies. AI and Machine learning will drive automation and leverage IoT to attain full potential. Digital world is simultaneously growing as such to become part of the physical world itself. The mesh connects these intelligent digital blocks along with people and processes to build an intelligent digital ecosystem.

#### Indian IT Infrastructure Revenue by Technology (Millions of U.S. Dollars)

| Segment               | 2016         | 2017         | 2018         | 2019         | 2020         |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Enterprise Networking | 1,063        | 1,127        | 1,148        | 1,157        | 1,147        |
| Storage               | 346          | 352          | 365          | 378          | 387          |
| Servers               | 765          | 727          | 768          | 820          | 822          |
| <b>Total</b>          | <b>2,174</b> | <b>2,206</b> | <b>2,282</b> | <b>2,354</b> | <b>2,356</b> |

Source: Gartner (April 2017)

Enterprise networking is the biggest segment within the Indian IT infrastructure market whereas storage investment will witness a small increase.

According to Gartner, Digital workplace is the new mantra for enterprises as more digital natives join the workforce. Business and IT leaders are focused on building an agile infrastructure that can address the needs of the changing workforce demographics.

#### Cloud Services

The public cloud services market in India is projected to grow 38% in 2017 to total \$1.81 billion, according to Gartner, Inc.

The highest growth will be driven by infrastructure as a service (IaaS) which is projected to grow at 49.2% in 2017, followed by 33% in software as a service (SaaS), and 32.1% in platform as a service (PaaS). The increase of SaaS and PaaS are indicators that the migration of application and workloads from on premises data centers to the cloud, as well as the development of cloud ready and cloud native applications, are fueling the growth in the cloud space.

Increasing cloud growth in the infrastructure compute services space and increasing demand from compute intensive workloads, both in enterprise and startup space, is driving this growth.

**Table 1. India Public Cloud Services Forecast (Millions of U.S. Dollars)**

|  | 2016         | 2017         | 2018         | 2019         | 2020         |
|--|--------------|--------------|--------------|--------------|--------------|
| Cloud Business Process Services (BPaaS)          | 88           | 113          | 145          | 186          | 236          |
| Cloud Application Services (SaaS)                | 396          | 527          | 675          | 824          | 1006         |
| Cloud Application Infrastructure Services (PaaS) | 107          | 141          | 182          | 230          | 287          |
| Cloud System Infrastructure Services (IaaS)      | 486          | 725          | 1051         | 1473         | 2028         |
| Cloud Management and Security Services           | 116          | 152          | 190          | 234          | 281          |
| Cloud Advertising                                | 123          | 158          | 189          | 223          | 266          |
| <b>Total</b>                                     | <b>1,316</b> | <b>1,817</b> | <b>2,432</b> | <b>3,169</b> | <b>4,104</b> |

Source: Gartner (January 2017)

#### Cloud Service Market Trends

Cloud infrastructure as a service will exceed traditional data center outsourcing spend in India during 2017, according to Gartner, Inc. In India, Traditional data center outsourcing is forecasted to reach \$559 million in 2017, while cloud infrastructure as a service spending will total \$677 million this year.

Gartner analysts said that by 2021, cloud compute and storage as a service will be nearly three times that of traditional data center outsourcing in terms of spending in India. By 2021, the cloud IaaS market in India will exceed \$2.1 billion in end user spending. End user spending of traditional DCO in India will reach \$693 million in 2021, and it will represent more than half the overall DCS spending of approximately \$3.8 billion. A bigger focus on cloud, mobility and analytics has led to many organizations to rethink their data center strategies. Organizations in India are increasingly challenging the need to buy and maintain discrete data center components, and are also evaluating architectures that would provide the agility, flexibility and

the scale desired for new application workloads. At the same time, users now have a greater choice and availability of newer technologies, such as hyper converged infrastructures.

### Key Market Developments

Several factors that drive growth in demand for IT infrastructure (data center and network) in India can enable SEPSL's plans in 2017.

#### Digital India Program & Make in India

As mentioned earlier, the Digital India program aims to address some of the weaknesses in India's ICT infrastructure. The Digital India program deals with all projects involving IT and communication technology such as pan-India broadband connectivity and e-governance. According to a report by technology research firm Forrester, India will feel the impact of Digital India only beginning 2018, once private players start leveraging broadband infrastructure to expand products and services.

The government's Make in India initiative has helped the telecom manufacturing segment, which witnessed a major setback in 2014 with the winding up of Nokia's handset manufacturing operations, followed by many other players.

'Digital India' and 'Make in India' and amid some major developments towards a cash-free economy, the IT spends by the Government of India, is predicted to increase by 9.5 percent over 2016.

The Government in India is forecast to spend \$7.8 billion US Dollars on IT spending in 2017, an increase of 9.5 percent over 2016, according to Gartner. This forecast includes spending on internal services, software, IT services, data center systems, devices and telecom services.

The Government announced that 80,000 gram panchayats in the country have been provided with broadband connectivity under BharatNet programme. The government finally intends to provide such broadband connectivity to 2.5 lakh gram panchayats across the country. Also, a total of 1,127 WiFi hotspots in various gram panchayats will be set up in the coming days and a total of 25,000 public WiFi hotspots at rural telephone exchanges are to be installed and 5,000 WiFi 'chaupals' are to be set up.

#### Data Center Market

The current data center market in India is valued at \$2.2 billion, and is expected to touch \$4.5 billion mark by 2018. According to Gartner, India became the second fastest growing market in APAC last year. According to Frost & Sullivan (F&S) Asia Pacific Data Center 2017 report, while there is a greater adoption of managed hosting services (outsourced model), colocation services (captive data center) continue to dominate data center revenue. This will continue to be driven by large enterprises and highly regulated verticals such as banking, financial services and insurance (BFSI), which require strict data confidentiality and complete management control of their operations. With the data localization law for better regulations, many organizations in India, especially from the BFSI sector, are not willing to host their data in a data center that is out of the country and this is also fueling the data center growth.

#### Harnessing IoT Technologies

Deloitte has predicted that Internet of Things (IoT) units in India are expected to see a rapid 31-fold growth to reach 1.9 billion by 2020, and grow to a market value of IoT is expected to reach \$9 billion by 2020. Highest adoption of IoT will be in utilities, manufacturing, automotive, transportation and logistics and Govt. Smart City. India's first smart factory leveraging IoT, is making progress at the Indian Institute of Science's (IISc) Centre for Product Design and Manufacturing (CPDM) with a seed funding from The Boeing Company.

IoT will not only be a huge data source for the data centers it will force enterprise data center operators to completely rethink the way they manage capacity across all layers of the IT stack, according to a recent report by the market research firm Gartner. Sensors that measure temperature, humidity and electricity will be combined with network equipment monitoring to help data centers maintain a high level of uptime and reduce capital and operational expenditures. To get the maximum efficiency more and more Data center equipments will be IoT enabled.

Read more at:

[http://economictimes.indiatimes.com/articleshow/57129635.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/57129635.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

#### Smart Infrastructure

In a bid to build more secured, connected India Government of India announced vision of building 100 smart cities in India by 2020. Smart cities integrate information and communication technology (ICT) and Internet of things (IoT) technology manage a city's assets. Smart Road, smart class room, public wifi hotspots, security cameras, smart traffic will be integral part of Smart City. India has 31,000 public Wi-Fi hotspots installed in India, and is expected to grow beyond 202,000 by 2018. An extension of this smart city movement is smart infrastructure which will see smart toll booths like connectivity, security cameras in railway stations in a move towards more security. Continuous and seamless availability of these Smart city infrastructure will require secured and uninterrupted power supply. These devices will be sending data back and forth every second, and would require a secured data center to host all these data .

(<http://www.livemint.com/Consumer/Uc506lrKsLh4TYllnqPcdO/Future-of-public-Wi-Fi-hot-spots-in-India.html>, Future of public Wi-Fi hot spots in India).

#### Financial inclusion:

Another big focus area for Government of India is financial inclusion of all the Indian citizens to give access to financial services in an affordable and inclusive manner. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is one such initiative. 83% People in India still do not have savings bank account- RBI's 2020 vision is to open 600 million new customer accounts in India and Branch and ATM expansion mainly in rural area. RBI has also directed banks that total number of branches opened in Tier 1 centres (population 100000 and above) during the financial year cannot exceed the total

number of branches opened in Tier 2 to Tier 6 centres. In these areas electricity becomes a major concern and low cost secured power with higher efficiency is required for the financial inclusion initiative to succeed.

(<http://timesofindia.indiatimes.com/good-governance/centre/Financial-inclusion-Banks-to-open-branches-in-rural-areas/articleshow/53296912.cms>, Financial inclusion: Banks to open branches in rural areas)

#### Telecom Industry:

In August 2016, spectrum auction took place with the largest quantum of spectrum being made available by the Government of India. However, telecom operators bid selectively to plug coverage gaps and enhance spectrum portfolio, especially for 4G services. The Indian telecoms sector has traditionally been voice driven. Commoditizing voice calls and offering tiered data tariffs would shift the business model from a voice to a data centric one. The average data consumption per user is increasing, with increased adoption of smartphones and availability of content. (<http://telecom.economictimes.indiatimes.com/tele-talk/an-overview-of-indian-telecom-industry-in-2016-and-outlook-for-2017/2035> An overview of Indian telecom industry in 2016 and outlook for 2017)

The smartphone user base in India crossed 300 million as shipments grew 18 percent annually in 2016 compared to the global smartphone market which grew only three percent.

<http://gadgets.ndtv.com/mobiles/news/indias-smartphone-user-base-tops-300-million-in-q4-2016-counterpoint-1652209>

The number of Internet users in India is expected to reach 450-465 million by June 2017, up 4-8% from 432 million in December 2016, a report from the Internet and Mobile Association of India and market research firm. However, the penetration in rural areas is still very low at ~17%. There are potential approximately 750 million users still in rural India who are yet to become Internet users. To capture this untapped market, with government's initiative for connected digital India, Telecom industry players has got a huge potential to grow.

(<http://www.livemint.com/Industry/QWzI0YEsfQJknXhC3HiuVI/Number-of-Internet-users-in-India-could-cross-450-million-by.html>

Number of Internet users in India could cross 450 million by June: report)

However, growing competition, cost and pricing pressures, declining profitability, mounting debt and the need to be financially flexible are forcing telcos to merge and harness operational and financial synergies. Bharti Airtel has announced acquisition of Norwegian Telenor's India unit. Vodafone is going to merge with Idea to become India's largest telecom company .

(<http://telecom.economictimes.indiatimes.com/tele-talk/an-overview-of-indian-telecom-industry-in-2016-and-outlook-for-2017/2035>, An overview of Indian telecom industry in 2016 and outlook for 2017)

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For and on Behalf of the Board of Directors

Place: Gurugram  
Date: 03<sup>rd</sup> August, 2017

Shravan Sharma  
Chairman

## INDEPENDENT AUDITOR'S REPORT

To the Members of Schneider Electric President Systems Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Schneider Electric President Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated August 3, 2017 in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company -

| Description of delay                                      | Date of payment   | Amount involved (Rs) | Number of days' delay |
|---|-------------------|----------------------|-----------------------|
| Remittance of unpaid dividend pertaining to earlier years | December 31, 2016 | 136,368              | 76                    |

- iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period. Refer Note 40 to the financial statements.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**

Partner

Membership Number: 205839

Place of Signature: Bengaluru

Date: August 3, 2017

**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE**

Re: Schneider Electric President Systems Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Enclosures and related accessories including electrical equipments and mechanical appliances and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the dues outstanding of income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

| Name of the Statute                      | Nature of dues  | Amount (Rs) | Period to which it relates | Forum where the dispute is pending                 |
|--|-----------------|-------------|----------------------------|--|
| The Karnataka Value Added Tax Act 2003   | Value Added Tax | 1,327,595   | FY 2010-11*                | Deputy Commissioner of Commercial tax, Karnataka   |
|  |                 | 1,789,270   | FY 2011-12*                |  |
|  |                 | 2,802,521   | FY 2012-13                 |  |
| The Maharashtra Value Added Tax Act 2002 | Value Added Tax | 1,475,718   | FY 2004-05*                | Assistant Commissioner of Sales Tax, Maharashtra   |
|  |                 | 2,412,642   | FY 2009-10                 | Deputy Commissioner of Commercial tax, Maharashtra |
| The Customs Act, 1962                    | Custom Duty     | 2,651,825   | FY 2011-12, 2012-13        | Deputy Commissioner of Customs, Bangalore          |
| The Finance Act, 1994                    | Service Tax     | 387,972     | FY 2010-11                 | Assistant Commissioner Central Excise, Pune        |

\*The above amounts have been paid under protest by the Company

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence; reporting under clause 3(ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**  
Partner  
Membership Number: 205839

Place of Signature: Bengaluru  
Date: August 3, 2017

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SCHNEIDER ELECTRIC PRESIDENT SYSTEMS LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Schneider Electric President Systems Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2017:

- a. The Company's entity level controls with respect to timely remediation of deficiencies identified and communicated by the internal audit function need to be strengthened to operate effectively.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Schneider Electric President Systems Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of Schneider Electric President Systems Limited and this report does not affect our report dated August 3, 2017, which expressed an unqualified opinion on those financial statements.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**

Partner

Membership Number: 205839

Place of Signature: Bengaluru

Date: August 3, 2017

**Balance sheet as at 31 March 2017**

|  |       | 31-Mar-17            | 31-Mar-16            |
|--|-------|----------------------|----------------------|
|  | Notes | ₹                    | ₹                    |
| <b>Equity and liabilities</b>  |       |                      |                      |
| <b>Shareholders' funds</b>   |       |                      |                      |
| Share capital  | 3     | 60,480,000           | 60,480,000           |
| Reserves and surplus   | 4     | 449,892,934          | 312,783,332          |
|  |       | <b>510,372,934</b>   | <b>373,263,332</b>   |
| <b>Non-current liabilities</b>   |       |                      |                      |
| Long-term borrowings   | 5     | 159,935,461          | 209,935,461          |
| Other long-term liabilities  | 6     | 4,063,321            | -                    |
| Long-term provisions   | 7     | 28,038,478           | 19,108,676           |
|  |       | <b>192,037,260</b>   | <b>229,044,137</b>   |
| <b>Current liabilities</b>   |       |                      |                      |
| Short-term borrowings  | 8     | 45,498,116           | 120,134,366          |
| Trade payables   |       |                      |                      |
| - total outstanding dues of micro enterprises and small enterprises                      | 6     | 139,545,180          | 28,079,025           |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 6     | 473,278,598          | 374,206,871          |
| Other current liabilities  | 6     | 189,280,432          | 121,798,956          |
| Short-term provisions  | 7     | 43,738,655           | 24,387,251           |
|  |       | <b>891,340,981</b>   | <b>668,606,469</b>   |
| <b>TOTAL</b>   |       | <b>1,593,751,175</b> | <b>1,270,913,938</b> |
| <b>Assets</b>  |       |                      |                      |
| <b>Non-current assets</b>  |       |                      |                      |
| Fixed assets   |       |                      |                      |
| Property, plant and equipment (net)  | 9(a)  | 353,762,878          | 382,914,762          |
| Intangible assets  | 9(b)  | 5,078,222            | 9,249,671            |
| Capital work-in-progress   |       | 17,919,793           | 10,491,152           |
| Deferred tax asset (net)   | 10    | 10,551,230           | -                    |
| Long-term loans and advances   | 11    | 39,145,837           | 62,622,555           |
| Other non-current assets   | 15    | -                    | 195,536              |
|  |       | <b>426,457,960</b>   | <b>465,473,676</b>   |
| <b>Current assets</b>  |       |                      |                      |
| Inventories  | 12    | 318,477,443          | 251,750,611          |
| Trade receivables  | 13    | 716,985,556          | 420,837,770          |
| Cash and bank balances   | 14    | 27,545,423           | 39,870,723           |
| Short-term loans and advances  | 11    | 104,239,819          | 90,615,449           |
| Other current assets   | 15    | 44,974               | 2,365,709            |
|  |       | <b>1,167,293,215</b> | <b>805,440,262</b>   |
| <b>TOTAL</b>   |       | <b>1,593,751,175</b> | <b>1,270,913,938</b> |

Summary of significant accounting policies.

2.1

 The accompanying notes are an integral part of the financial statements.  
 As per our report of even date.

**For S.R.Batlilobi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**

Partner

Membership Number: 205839

Place: Bengaluru

Date: 3 August 2017

**For and on behalf of the Board of Directors of  
 Schneider Electric President Systems Limited**
**Swaminathan Venkatraman**

Director

DIN: 03139440

**Priyanka Aggarwal**

Company Secretary

**Sugata Sircar**

Director

DIN: 01119161

**Damodar Kalavala**

Chief Financial Officer

Place: Gurugram

Date: 3 August 2017

**Statement of profit and loss for the year ended 31 March 2017**

|  | Notes | 31-Mar-17<br>₹       | 31-Mar-16<br>₹       |
|--|-------|----------------------|----------------------|
| <b>Income</b>  |       |                      |                      |
| Revenue from operations (gross)  | 16    | 2,908,200,334        | 2,153,954,031        |
| Less - excise duty   |       | (199,940,426)        | (138,227,669)        |
| <b>Revenue from operations (net)</b>   |       | <b>2,708,259,908</b> | <b>2,015,726,362</b> |
| Other income   | 17    | 7,167,290            | 6,971,061            |
| <b>Total revenue (i)</b>   |       | <b>2,715,427,198</b> | <b>2,022,697,423</b> |
| <b>Expenses</b>  |       |                      |                      |
| Cost of materials and components consumed  | 18    | 1,804,029,740        | 1,165,205,174        |
| Purchase of traded goods   | 19    | 96,854,315           | 123,585,752          |
| (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods | 19    | (30,759,655)         | 21,534,565           |
| Employee benefits expenses   | 20    | 247,126,840          | 245,260,947          |
| Depreciation and amortization expense  | 21    | 52,061,586           | 51,890,010           |
| Finance costs  | 22    | 25,910,873           | 31,792,805           |
| Other expenses   | 23    | 339,693,273          | 302,028,117          |
| <b>Total expenses (ii)</b>   |       | <b>2,534,916,972</b> | <b>1,941,297,370</b> |
| <b>Profit before tax (i - ii)</b>  |       | <b>180,510,226</b>   | <b>81,400,053</b>    |
| <b>Tax expenses</b>  |       |                      |                      |
| Current tax  |       |                      |                      |
| - Pertaining to profit for the current year  |       | 51,116,090           | -                    |
| - Adjustment of tax relating to earlier years  |       | 2,835,764            | -                    |
| Deferred tax expense / (credit)  |       | (10,551,230)         | -                    |
| Minimum Alternate Tax (MAT)  |       | -                    | 17,528,351           |
| <b>Total tax expenses</b>  |       | <b>43,400,624</b>    | <b>17,528,351</b>    |
| <b>Profit after tax</b>  |       | <b>137,109,602</b>   | <b>63,871,702</b>    |
| <b>Earnings per equity share [nominal value of share ₹10 (31 March 2016: ₹10)]</b>       |       |                      |                      |
| Basic  |       | 22.67                | 10.56                |
| Diluted  |       | 22.67                | 10.56                |
| <b>Number of shares used in computing earning per share</b>                              |       |                      |                      |
| Basic  |       | 6,048,000            | 6,048,000            |
| Diluted  |       | 6,048,000            | 6,048,000            |

Summary of significant accounting policies. 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R.Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**

Partner

Membership Number: 205839

Place: Bengaluru

Date: 3 August 2017

**For and on behalf of the Board of Directors of  
Schneider Electric President Systems Limited**

**Swaminathan Venkatraman**

Director

DIN: 03139440

**Priyanka Aggarwal**

Company Secretary

**Sugata Sircar**

Director

DIN: 01119161

**Damodar Kalavala**

Chief Financial Officer

Place: Gurugram

Date: 3 August 2017

**Cash flow statement for the year ended 31 March 2017**

|   | 31-Mar-17<br>₹      | 31-Mar-16<br>₹      |
|---|---------------------|---------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Net profit before tax   | 180,510,226         | 81,400,053          |
| Adjustments for:  |                     |                     |
| Depreciation and amortisation   | 52,061,586          | 51,890,010          |
| Loss on sale/disposal of fixed assets (net)   | 14,646              | -                   |
| Provision for doubtful debts/advances (net)   | 46,071,043          | 7,298,103           |
| Liabilities/provisions no longer required written back  | -                   | 2,894,952           |
| Unrealised foreign exchange (gain)/ loss  | (2,825,619)         | 9,303,349           |
| Interest expense  | 22,139,534          | 25,231,381          |
| Interest income   | (1,609,718)         | (463,106)           |
| <b>Operating profit before working capital changes</b>  | <b>296,361,698</b>  | <b>177,554,742</b>  |
| Movements in working capital:   |                     |                     |
| (Increase) / decrease in trade receivables  | (315,785,060)       | (8,704,701)         |
| (Increase) / decrease in other current assets   | 2,335,566           | 164,757             |
| (Increase) / decrease in loans and advances   | (17,464,207)        | 13,810,959          |
| (Increase) / decrease in inventories  | (82,686,515)        | 33,937,486          |
| Increase / (decrease) in trade payables   | 217,578,743         | (178,099,719)       |
| Increase / (decrease) in other liabilities and provisions   | 32,579,860          | 27,137,364          |
| <b>Cash generated from operations</b>   | <b>132,920,085</b>  | <b>65,800,888</b>   |
| Direct taxes paid (net of refunds)  | (26,293,112)        | (21,742,503)        |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>   | <b>106,626,973</b>  | <b>44,058,385</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of property, plant and equipment and intangible fixed assets (including capital work in progress and capital advances) | (25,968,924)        | (47,046,392)        |
| Proceeds from sale/discard of property, plant and equipment   | 2,010,742           | -                   |
| Maturity of bank deposits (having original maturity of more than three months)  | 3,492,748           | 3,253,637           |
| Investments in bank deposits (having original maturity of more than three months)   | -                   | (3,492,748)         |
| Interest received   | 1,625,423           | 449,186             |
| <b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)</b>   | <b>(18,840,011)</b> | <b>(46,836,317)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Proceeds from short term borrowings, net  | (74,636,250)        | 47,862,914          |
| Repayment of long term borrowings including lease obligations   | (34,405)            | (389,647)           |
| Interest paid   | (22,031,322)        | (22,097,767)        |
| <b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (C)</b>   | <b>(96,701,977)</b> | <b>25,375,500</b>   |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>  | <b>(8,915,015)</b>  | <b>22,597,568</b>   |
| Cash and cash equivalents at the beginning of the year  | 36,377,975          | 13,896,613          |
| Effects of changes in exchange rates on cash and cash equivalents   | (82,537)            | (116,206)           |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>27,380,423</b>   | <b>36,377,975</b>   |
| <b>Components of cash and cash equivalents (note 15)</b>  |                     |                     |
| Balance with scheduled banks *  |                     |                     |
| - in current accounts   | 23,690,388          | 29,667,855          |
| - in Exchange Earners Foreign Currency (EEFC) accounts  | 3,591,713           | 6,475,430           |
| - in unpaid dividend accounts **  | 98,322              | 234,690             |
|   | <b>27,380,423</b>   | <b>36,377,975</b>   |

\*Excluding fixed deposits with maturity greater than three months of ₹ 165,000 (31 March 2016: ₹ 3,657,748)

\*\* The Company can utilize these balances only towards settlement of unpaid dividend (note 7)

Summary of significant accounting policies.

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R.Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Mahendra Jain**

Partner

Membership Number: 205839

Place: Bengaluru

Date: 3 August 2017

**For and on behalf of the Board of Directors of  
Schneider Electric President Systems Limited**

**Swaminathan Venkatraman**

Director

DIN: 03139440

**Priyanka Aggarwal**

Company Secretary

Place: Gurugram

Date: 3 August 2017

**Sugata Sircar**

Director

DIN: 01119161

**Damodar Kalavala**

Chief Financial Officer

## Notes to financial statements for the year ended 31 March 2017

### 1. Corporate Information

Schneider Electric President Systems Limited ('SEPSL' or 'the Company') is a designer, manufacturer and supplier of standard and customized enclosure systems for over 30 years in 19-inch enclosures for IT and Telecom infrastructure, systems management and operations.

The Company's operations predominantly relate to manufacture of enclosures, card frames, components and accessories and trading of electrical equipment's. The Company is a manufacturer in India offering standard and customized enclosure solutions, including card frames and components, with a focus on the IT/Networking and ITES, Telecom, General and Industrial Electronics sectors.

The Company also has a nationwide network of sales offices, representatives and distributors to support customer wherever they may need assistance for installation, commissioning and on-going services.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on an accrual basis and under the historical cost convention unless stated otherwise. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1. Summary of significant accounting policies

##### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### b. Property, Plant and Equipment

Property, Plant and Equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Advances paid towards the acquisition of fixed assets are disclosed as "Capital advances" under Loans and Advances and the cost of assets not ready to be put to use as at the balance sheet date are disclosed as 'Capital work-in-progress'.

##### c. Depreciation on property, plant and equipment

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

|                        | Useful lives estimated by the management (years) |
|------------------------|--|
| Factory buildings*     | 3-30   |
| Office buildings       | 30   |
| Plant and equipment    | 15   |
| Computer hardware*     | 1-3  |
| Furniture and fixtures | 10   |
| Vehicles               | 5  |
| Tools, dies and jigs*  | 1-15   |
| Office equipment       | 5  |

\*For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.



Leasehold land is amortised on a straight line basis over the period of lease.

Depreciation is provided on pro-rata basis from/up to the date of purchase or disposal, for asset purchased or sold during the year.

#### **d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Patents and trademarks, computer software and designs and copyrights are amortised over a period of nine years, six years and five years respectively, from the date available for use. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### **e. Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### **f. Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **g. Impairment of property, plant and equipment and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **h. Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on first-in-first-out basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work in progress and finished goods (including excise duty) is determined on first-in-first-out basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first-in-first-out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Provision for inventory obsolescence is assessed and adjusted from the gross value of the inventory.

#### **i. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

##### **Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

The amount recognised as sale is exclusive of trade discounts.

##### **Income from services**

Service income primarily comprises income from commissioning and installation, service charges, processing charges and commission income and is recognized on accrual basis as per the terms and over the period of the contract with the customers, as and when the services are rendered. The Company collects service tax on behalf of the government and therefore, it is not an economic benefit flowing to the Company. Hence it is excluded from revenue.

##### **Interest Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

##### **Other Income**

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **j. Foreign currency translation**

##### **Foreign currency transactions and balances**

###### **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

###### **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

###### **Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as income or as expenses in the period in which they arise.

#### **k. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates defined benefit plan for its employees, viz. gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected

unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

#### **I. Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### **m. Segment reporting**

##### **Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided; with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### **Inter-segment transfers**

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

##### **Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### **Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

##### **Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**n. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The effects of anti-dilutive potential equity shares are not considered in calculating dilutive earnings per share.

As at the balance sheet date, the Company does not have any dilutive potential equity shares.

**o. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**Warranty Provisions:**

Provisions for warranty-related costs are recognized when the product is sold or service is provided. Provision is based on historical experience. The estimate of such warranty related costs is revised at each reporting date.

**p. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**q. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and on hand, demand deposits and short-term investments with an original maturity of three months or less.

**Notes to financial statements for the year ended 31 March 2017**

|          |  |                   |                   |
|----------|--|-------------------|-------------------|
| <b>3</b> | <b>Share capital</b>   | <b>31-Mar-17</b>  | <b>31-Mar-16</b>  |
|          |  | ₹                 | ₹                 |
|          | <b>Authorized shares</b>   |                   |                   |
|          | 12,000,000 (31 March 2016: 12,000,000) equity shares of ₹10 each   | 120,000,000       | 120,000,000       |
|          | <b>Issued, subscribed and fully paid-up shares</b>   |                   |                   |
|          | 6,048,000 (31 March 2016: 6,048,000) equity shares of ₹10 each fully paid up (note 41)                                   | 60,480,000        | 60,480,000        |
|          | (includes 1,243,500 (31 March 2016: 1,243,500) bonus shares issued by capitalisation of reserves and securities premium) |                   |                   |
|          | <b>Total issued, subscribed and fully paid-up share capital</b>  | <b>60,480,000</b> | <b>60,480,000</b> |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**
**Equity Shares**

|                                      | 31-Mar-17 |            | 31-Mar-16 |            |
|--------------------------------------|-----------|------------|-----------|------------|
|                                      | No.       | ₹          | No.       | ₹          |
| At the beginning of the period       | 6,048,000 | 60,480,000 | 6,048,000 | 60,480,000 |
| Outstanding at the end of the period | 6,048,000 | 60,480,000 | 6,048,000 | 60,480,000 |

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by ultimate holding company and subsidiaries and associates of holding company and ultimate holding company**

Out of equity shares issued by the Company, shares held by its Holding Company are as below:

|   | 31-Mar-17  | 31-Mar-16  |
|---|------------|------------|
|   | ₹          | ₹          |
| <b>Schneider Electric South East Asia (HQ) Pte Limited</b>                              |            |            |
| 4,535,994 (31 March 2016: 4,535,994) equity shares of ₹ 10 each fully paid up (note 41) | 45,359,940 | 45,359,940 |

**(d) Details of shareholders holding more than 5% shares in the Company**

|   | 31-Mar-17 |           | 31-Mar-16 |           |
|---|-----------|-----------|-----------|-----------|
|   | No.       | % holding | No.       | % holding |
| <b>Equity shares of ₹10 each fully paid</b>         |           |           |           |           |
| Schneider Electric South East Asia (HQ) Pte Limited | 4,535,994 | 75%       | 4,535,994 | 75%       |

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

|          |   |                    |                    |
|----------|---|--------------------|--------------------|
| <b>4</b> | <b>Reserves and surplus</b>   | <b>31-Mar-17</b>   | <b>31-Mar-16</b>   |
|          |   | ₹                  | ₹                  |
|          | <b>Securities premium account</b>   | <b>81,695,875</b>  | <b>81,695,875</b>  |
|          | <b>Capital Reserve (represents capital profit on equity shares forfeited)</b> | <b>166,000</b>     | <b>166,000</b>     |
|          | <b>General reserve</b>  | <b>44,000,000</b>  | <b>44,000,000</b>  |
|          | <b>Surplus in the statement of profit and loss</b>                            |                    |                    |
|          | Balance as per last financial statements                                      | 186,921,457        | 123,049,755        |
|          | Profit for the year   | 137,109,602        | 63,871,702         |
|          | <b>Net surplus in the statement of profit and loss</b>                        | <b>324,031,059</b> | <b>186,921,457</b> |
|          | <b>Total reserves and surplus</b>   | <b>449,892,934</b> | <b>312,783,332</b> |

## 5 Long-term borrowings

|  | Non-current portion |                    | Current maturities |               |
|--|---------------------|--------------------|--------------------|---------------|
|  | 31-Mar-17           | 31-Mar-16          | 31-Mar-17          | 31-Mar-16     |
|  | ₹                   | ₹                  | ₹                  | ₹             |
| <b>Other loans and advances</b>                                      |                     |                    |                    |               |
| Finance lease obligation (secured) (i)                               | -                   | -                  | -                  | 34,405        |
| Loans from Fellow Subsidiary (unsecured) (ii) (note 27)              | 159,935,461         | 209,935,461        | 50,000,000         | -             |
|  | <b>159,935,461</b>  | <b>209,935,461</b> | <b>50,000,000</b>  | <b>34,405</b> |
| <b>The above amount includes</b>                                     |                     |                    |                    |               |
| Secured borrowings   | -                   | -                  | -                  | 34,405        |
| Unsecured borrowings   | 159,935,461         | 209,935,461        | 50,000,000         | -             |
| Amount disclosed under the head "other current liabilities" (note 6) | -                   | -                  | (50,000,000)       | (34,405)      |
| <b>Net amount</b>  | <b>159,935,461</b>  | <b>209,935,461</b> | <b>-</b>           | <b>-</b>      |

- i) Finance lease obligation is secured by hypothecation of vehicles taken on lease. The same is payable in 60 monthly instalments of ₹ 34,712 (including interest) each carrying an effective interest rate of 10.81% p.a.
- ii) Loans from Fellow Subsidiary amounting to ₹149,935,461 (31 March 2016: ₹149,935,461) carry interest @ 7.5% p.a. The loan is repayable on 31 October 2018, although the Company has an option to prepay the aforesaid borrowing at its own discretion. During the current year the interest rate is revised to 6% effective 1 December 2016.

During the earlier years, the Company had borrowed ₹50,000,000 from its fellow subsidiary, primarily to facilitate its working capital requirements, at an interest rate of 7.5 % p.a. The loan was repayable on or before 27 March 2015. However, the Company had entered into an addendum to the agreement basis which the repayment term was extended upto 27 March 2018 and the interest rate was revised to 7.85 % p.a. During the current year, the interest rate is further revised to 6% effective 1 December 2016. Additionally, as the loan becomes payable in the next 12 months, the same has been shown under "current maturities".

Additionally, the Company had borrowed ₹10,000,000 from its fellow subsidiary, primarily to facilitate its working capital requirements, at an interest rate of 8.75 % p.a. The loan was repayable on or before 18 September 2015. However, the Company had entered into an addendum to the agreement basis which the repayment term is extended upto 15 September 2018 and the interest rate was revised to 7.80% p.a. During the current year, the interest rate is further revised to 6% effective 1 December 2016.

## 6 Trade payables and other liabilities

|   | Long-term        |           | Short-term         |                    |
|---|------------------|-----------|--------------------|--------------------|
|   | 31-Mar-17        | 31-Mar-16 | 31-Mar-17          | 31-Mar-16          |
|   | ₹                | ₹         | ₹                  | ₹                  |
| <b>Trade payables*</b>  |                  |           |                    |                    |
| - total outstanding dues of micro enterprises and small enterprises (note 31)             | -                | -         | 139,545,180        | 28,079,025         |
| - total outstanding dues of creditors other than micro enterprises and small enterprises  | -                | -         | 473,278,598        | 374,206,871        |
|   | -                | -         | <b>612,823,778</b> | <b>402,285,896</b> |
| <b>Other liabilities</b>  |                  |           |                    |                    |
| Current maturities of long-term borrowings (note 5)*                                      | -                | -         | 50,000,000         | 34,405             |
| Interest accrued and due on long term borrowings*   | -                | -         | 2,734,379          | 4,348,966          |
| Interest accrued and due on payables to micro and small enterprises (note 31)             | -                | -         | 7,606,062          | 5,883,263          |
| Security deposit payable  | -                | -         | 1,359,022          | 1,359,022          |
| Advance from customers*   | -                | -         | 3,115,192          | 3,735,656          |
| Unearned revenue  | 4,063,321        | -         | -                  | 20,316,275         |
| Accrued expenses  | -                | -         | 114,812,113        | 79,055,855         |
| Statutory dues payable  | -                | -         | 9,555,342          | 6,830,824          |
| Investor education and protection fund credited towards unpaid dividend (as and when due) | -                | -         | 98,322             | 234,690            |
|   | <b>4,063,321</b> | <b>-</b>  | <b>189,280,432</b> | <b>121,798,956</b> |
|   | <b>4,063,321</b> | <b>-</b>  | <b>802,104,210</b> | <b>524,084,852</b> |

\* Refer note 27 for payables to related parties.

**7 Provisions**
**Provision for employee benefits**

 Provision for gratuity (note 24)  
 Provision for leave benefits

**Other provisions**

 Provision for warranty (i)  
 Provision for income tax (net)

|                                  | Long-term         |                   | Short-term        |                   |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                  | 31-Mar-17         | 31-Mar-16         | 31-Mar-17         | 31-Mar-16         |
|                                  | ₹                 | ₹                 | ₹                 | ₹                 |
| Provision for gratuity (note 24) | 19,131,628        | 19,108,676        | 6,584,963         | 7,034,696         |
| Provision for leave benefits     | -                 | -                 | 12,727,459        | 12,515,842        |
| Provision for warranty (i)       | 8,906,850         | -                 | 4,836,713         | 4,836,713         |
| Provision for income tax (net)   | -                 | -                 | 19,589,520        | -                 |
|                                  | <b>28,038,478</b> | <b>19,108,676</b> | <b>43,738,655</b> | <b>24,387,251</b> |

**i) Provision for warranty**

The Company has a defined warranty policy for manufactured goods sold. The Company is primarily in the manufacture of enclosures and in certain cases these enclosures are assembled with third party bought-out items. Accordingly, the management creates provisions on such products covered under warranty, basis the past failure rates of these buy-out items. It is expected that significant portion of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold. The table below gives information about movement in warranty provisions.

|   | 31-Mar-17         | 31-Mar-16        |
|---|-------------------|------------------|
|   | ₹                 | ₹                |
| At the beginning of the year              | 4,836,713         | -                |
| Arising during the year, net of reversals | 8,906,850         | 4,836,713        |
| Utilized during the year                  | -                 | -                |
| <b>As at the end of the year</b>          | <b>13,743,563</b> | <b>4,836,713</b> |

**8 Short-term borrowings**

 Foreign currency loan from banks (i)  
 Acceptances (ii)

|                                      | 31-Mar-17         | 31-Mar-16          |
|--------------------------------------|-------------------|--------------------|
|                                      | ₹                 | ₹                  |
| Foreign currency loan from banks (i) | -                 | 98,419,872         |
| Acceptances (ii)                     | 45,498,116        | 21,714,494         |
|                                      | <b>45,498,116</b> | <b>120,134,366</b> |

**The above amount includes**

Unsecured borrowings

|                      |                   |                    |
|----------------------|-------------------|--------------------|
| Unsecured borrowings | 45,498,116        | 120,134,366        |
|                      | <b>45,498,116</b> | <b>120,134,366</b> |

- i) During the year ended March 31, 2016, the Company had availed a Pre-shipment Credit in Foreign Currency (PCFC) against realisation of its export sales. The interest rate is LIBOR plus 35 basis points. The loan amount outstanding as at 31 March 2016 amounting to US \$ 1,484,302 has been repaid during the current year. Further, the Company has re-paid the additional amounts borrowed during the year against the above facility and closing balance as at 31 March 2017 is Nil.
- ii) Includes letter of credit from banks issued to various vendors for supply of goods. The tenure of such letter of credit issued ranges from 90 to 180 days.

Notes to financial statements for the year ended 31 March 2017

| 9(a) Property, plant and equipment | Freehold Land     | Leasehold Land   | Buildings-Factory  | Building-Office  | Plant and Equipment | Office Equipment  | Tools, dies and jigs | Furniture & Fixtures | Computer Hardware | Vehicles         | Total              |
|------------------------------------|-------------------|------------------|--------------------|------------------|---------------------|-------------------|----------------------|----------------------|-------------------|------------------|--------------------|
| <b>Cost or valuation</b>           |                   |                  |                    |                  |                     |                   |                      |                      |                   |                  | (₹)                |
| At 1 April 2015                    | 42,024,860        | 5,091,974        | 163,839,931        | 2,759,048        | 405,595,308         | 16,873,446        | 42,495,136           | 17,238,247           | 26,943,154        | 5,279,656        | 728,140,760        |
| Additions                          | -                 | -                | 2,918,225          | -                | 38,665,446          | 1,824,151         | 9,254,076            | 970,997              | 1,441,941         | 16,736           | 55,091,572         |
| Disposals                          | -                 | -                | -                  | -                | -                   | -                 | -                    | -                    | -                 | -                | -                  |
| <b>At 31 March 2016</b>            | <b>42,024,860</b> | <b>5,091,974</b> | <b>166,758,156</b> | <b>2,759,048</b> | <b>444,260,754</b>  | <b>18,697,597</b> | <b>51,749,212</b>    | <b>18,209,244</b>    | <b>28,385,095</b> | <b>5,296,392</b> | <b>783,232,332</b> |
| Additions                          | -                 | -                | 1,758,128          | -                | 11,103,803          | 381,018           | 5,197,307            | 86,902               | 935,585           | 1,170,248        | 20,632,991         |
| Disposals                          | -                 | -                | -                  | -                | 4,552,645           | 486,583           | -                    | 368,411              | 1,418,366         | -                | 6,826,005          |
| <b>At 31 March 2017</b>            | <b>42,024,860</b> | <b>5,091,974</b> | <b>168,516,284</b> | <b>2,759,048</b> | <b>450,811,912</b>  | <b>18,592,032</b> | <b>56,946,519</b>    | <b>17,927,735</b>    | <b>27,902,314</b> | <b>6,466,640</b> | <b>797,039,318</b> |
| <b>Depreciation</b>                |                   |                  |                    |                  |                     |                   |                      |                      |                   |                  |                    |
| At 1 April 2015                    | -                 | 671,955          | 58,730,985         | 487,395          | 221,529,244         | 12,011,068        | 24,013,210           | 10,739,489           | 22,893,149        | 2,313,938        | 353,390,433        |
| Charge for the year                | -                 | 67,410           | 6,776,417          | 141,719          | 30,128,697          | 1,511,887         | 3,700,945            | 1,817,549            | 2,158,895         | 623,618          | 46,927,137         |
| Disposals                          | -                 | -                | -                  | -                | -                   | -                 | -                    | -                    | -                 | -                | -                  |
| <b>At 31 March 2016</b>            | <b>-</b>          | <b>739,365</b>   | <b>65,507,402</b>  | <b>629,114</b>   | <b>251,657,941</b>  | <b>13,522,955</b> | <b>27,714,155</b>    | <b>12,557,038</b>    | <b>25,052,044</b> | <b>2,937,556</b> | <b>400,317,570</b> |
| Charge for the year                | -                 | 67,225           | 6,902,183          | 141,332          | 30,566,486          | 1,545,303         | 3,940,433            | 1,567,091            | 2,284,943         | 744,491          | 47,759,487         |
| Disposals                          | -                 | -                | -                  | -                | 2,804,394           | 292,115           | -                    | 291,895              | 1,412,213         | -                | 4,800,617          |
| <b>At 31 March 2017</b>            | <b>-</b>          | <b>806,590</b>   | <b>72,409,585</b>  | <b>770,446</b>   | <b>279,420,033</b>  | <b>14,776,143</b> | <b>31,654,588</b>    | <b>13,832,234</b>    | <b>25,924,774</b> | <b>3,682,047</b> | <b>443,276,440</b> |
| <b>Net Block</b>                   |                   |                  |                    |                  |                     |                   |                      |                      |                   |                  |                    |
| At 31 March 2016                   | 42,024,860        | 4,352,609        | 101,250,754        | 2,129,934        | 192,602,813         | 5,174,642         | 24,035,057           | 5,652,206            | 3,333,051         | 2,358,836        | 382,914,762        |
| At 31 March 2017                   | 42,024,860        | 4,285,384        | 96,106,699         | 1,988,602        | 171,391,879         | 3,815,889         | 25,291,931           | 4,095,501            | 1,977,540         | 2,784,593        | 353,762,878        |

a. Building – Office, includes ₹500 (31 March 2016: ₹500) representing cost of unquoted fully paid shares in co-operative housing society.

b. Building – Factory, includes those constructed on leasehold land and Vehicle includes cars taken on finance lease as represented in table 1 below:

| 9(b) Intangible assets:  | Computer Software | Patents and trademarks | Designs and copyrights | Total             | Building - Factory | Vehicle          |
|--------------------------|-------------------|------------------------|------------------------|-------------------|--------------------|------------------|
| <b>Cost or valuation</b> |                   |                        |                        |                   |                    |                  |
| At 1 April 2015          | 34,916,360        | 40,000                 | 3,893,683              | 38,850,043        | 30,903,565         | 2,287,001        |
| Additions                | 16,804            | -                      | -                      | 16,804            | -                  | -                |
| Disposals                | -                 | -                      | -                      | -                 | 13,627,681         | -                |
| <b>At 31 March 2016</b>  | <b>34,933,164</b> | <b>40,000</b>          | <b>3,893,683</b>       | <b>38,866,847</b> | <b>1,052,179</b>   | <b>1,489,029</b> |
| Additions                | 130,650           | -                      | -                      | 130,650           | 1,055,154          | 157,359          |
| Disposals                | -                 | -                      | -                      | -                 | 16,223,705         | 640,613          |
| <b>At 31 March 2017</b>  | <b>35,063,814</b> | <b>40,000</b>          | <b>3,893,683</b>       | <b>38,997,497</b> | <b>17,275,884</b>  | <b>-</b>         |
| <b>Amortisation</b>      |                   |                        |                        |                   |                    |                  |
| At 1 April 2015          | 21,047,048        | 40,000                 | 3,567,255              | 24,654,303        | -                  | -                |
| Charge for the year      | 4,636,445         | -                      | 326,428                | 4,962,873         | -                  | -                |
| Disposals                | -                 | -                      | -                      | -                 | -                  | -                |
| <b>At 31 March 2016</b>  | <b>25,683,493</b> | <b>40,000</b>          | <b>3,893,683</b>       | <b>29,617,176</b> | <b>12,572,527</b>  | <b>-</b>         |
| Charge for the year      | 4,302,099         | -                      | -                      | 4,302,099         | 1,055,154          | -                |
| Disposals                | -                 | -                      | -                      | -                 | 16,223,705         | 640,613          |
| <b>At 31 March 2017</b>  | <b>29,985,592</b> | <b>40,000</b>          | <b>3,893,683</b>       | <b>33,919,275</b> | <b>17,275,884</b>  | <b>-</b>         |
| <b>Net Block</b>         |                   |                        |                        |                   |                    |                  |
| At 31 March 2016         | 9,249,671         | -                      | -                      | 9,249,671         | -                  | -                |
| At 31 March 2017         | 5,078,222         | -                      | -                      | 5,078,222         | -                  | -                |

Table 1

Gross Block  
Additions  
Accumulated depreciation  
Depreciation charge for the year  
**Net book value**



| 10 Deferred tax asset (net)   | 31-Mar-17         | 31-Mar-16         |
|---|-------------------|-------------------|
|   | ₹                 | ₹                 |
| Deferred tax liability  |                   |                   |
| Fixed assets: Impact of difference between tax depreciation and depreciation/<br>amortization charged for the financial reporting         | 30,996,442        | 33,801,480        |
| <b>Gross deferred tax liability</b>   | <b>30,996,442</b> | <b>33,801,480</b> |
| Deferred tax asset  |                   |                   |
| Impact of expenditure charged to the statement of profit and loss in the<br>current year but allowed for tax purposes in subsequent years | 41,547,672        | 24,917,010        |
| Carry forward losses  | -                 | 8,884,470         |
| <b>Gross deferred tax asset</b>   | <b>41,547,672</b> | <b>33,801,480</b> |
| <b>Net deferred tax asset</b>   | <b>10,551,230</b> | <b>-</b>          |

Upto 31 March 2016, the Company had recognised deferred tax assets on deductible timing differences to the extent of deferred tax liability on taxable timing differences as the Company believed it was virtually certain that deferred tax asset on deductible timing differences (i.e., carry forward losses and losses disallowed for tax purposes u/s 43B of the Income Tax Act, 1961) would be recovered to the extent of deferred tax liability on taxable timing differences arising on account of depreciation differences on fixed assets.

| 11 Loans and advances                 | Non-current       |                   | Current            |                   |
|---------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                       | 31-Mar-17         | 31-Mar-16         | 31-Mar-17          | 31-Mar-16         |
|                                       | ₹                 | ₹                 | ₹                  | ₹                 |
| <i>Unsecured, considered doubtful</i> |                   |                   |                    |                   |
| Dues from statutory authorities       | 3,108,213         | 7,486,521         | 43,504,874         | 11,118,420        |
| Security deposit                      | -                 | -                 | -                  | 2,167,000         |
| Advance to suppliers                  | -                 | -                 | 205,000            | 205,000           |
| (a)                                   | 3,108,213         | 7,486,521         | 43,709,874         | 13,490,420        |
| <i>Unsecured, considered good</i>     |                   |                   |                    |                   |
| Dues from statutory authorities       | 34,466,210        | 41,666,587        | 88,265,203         | 73,906,143        |
| Security deposit                      | 4,224,521         | 4,172,529         | 1,200,522          | 625,084           |
| Capital advance                       | -                 | 2,223,358         | -                  | -                 |
| Advance to suppliers                  | -                 | -                 | 3,854,744          | 8,321,188         |
| Advance income-tax (net)              | -                 | 13,792,788        | 3,306,382          | -                 |
| Prepaid expenses                      | 455,106           | 767,293           | 6,316,176          | 6,636,481         |
| Dues from employees                   | -                 | -                 | 1,296,792          | 1,126,553         |
| (b)                                   | 39,145,837        | 62,622,555        | 104,239,819        | 90,615,449        |
| (a+b)                                 | 42,254,050        | 70,109,076        | 147,949,693        | 104,105,869       |
| Less: provision for doubtful advances | (3,108,213)       | (7,486,521)       | (43,709,874)       | (13,490,420)      |
|                                       | <b>39,145,837</b> | <b>62,622,555</b> | <b>104,239,819</b> | <b>90,615,449</b> |

| 12 Inventories (valued at lower of cost and net realizable value)                                     | 31-Mar-17          | 31-Mar-16          |
|---|--------------------|--------------------|
|   | ₹                  | ₹                  |
| Raw materials and components (includes in transit ₹32,690,011 (31 March 2016: ₹18,625,435)) (note 18) | 172,509,676        | 136,542,499        |
| Work-in-progress (note 19)  | 75,176,186         | 42,131,156         |
| Finished goods (including stock-in-transit ₹40,455,838 (31 March 2016: ₹18,373,465)) (note 19)        | 66,131,581         | 44,037,001         |
| Traded goods (including stock-in-transit ₹2,591,402 (31 March 2016: ₹22,819,497)) (note 19)           | 4,660,000          | 29,039,955         |
|   | <b>318,477,443</b> | <b>251,750,611</b> |

**13 Trade receivable \***

**Outstanding for a period exceeding six months from the date they are due for payment**

Unsecured, considered good  
Doubtful

Provision for doubtful trade receivables

**Other receivables**

Unsecured, considered good  
Doubtful

Provision for doubtful trade receivables

|  | 31-Mar-17<br>₹     | 31-Mar-16<br>₹     |
|--|--------------------|--------------------|
|  | 49,055,556         | 77,494,420         |
|  | 25,753,821         | 13,326,589         |
|  | <b>74,809,377</b>  | <b>90,821,009</b>  |
|  | (25,753,821)       | (13,326,589)       |
|  | <b>49,055,556</b>  | <b>77,494,420</b>  |
|  | 667,930,000        | 343,343,350        |
|  | -                  | 2,399,476          |
|  | <b>667,930,000</b> | <b>345,742,826</b> |
|  | -                  | (2,399,476)        |
|  | <b>667,930,000</b> | <b>343,343,350</b> |
|  | <b>716,985,556</b> | <b>420,837,770</b> |

\* Refer note 27 for receivable from related parties.

**14 Cash and bank balances\***

**Cash and cash equivalents**

Balances with banks:

– On current accounts  
– On Exchange Earners Foreign Currency (EEFC) accounts  
– On unpaid dividend account

**Other bank balances**

– Deposits with maturity for more than 12 months  
– Deposits with maturity for more than 3 months but less than 12 months

Amount disclosed under non-current assets (note 15)

|  | Non-current    |                | Current           |                   |
|--|----------------|----------------|-------------------|-------------------|
|  | 31-Mar-17<br>₹ | 31-Mar-16<br>₹ | 31-Mar-17<br>₹    | 31-Mar-16<br>₹    |
|  | -              | -              | 23,690,388        | 29,667,855        |
|  | -              | -              | 3,591,713         | 6,475,430         |
|  | -              | -              | 98,322            | 234,690           |
|  | -              | -              | <b>27,380,423</b> | <b>36,377,975</b> |
|  | -              | 165,000        | -                 | -                 |
|  | -              | -              | 165,000           | 3,492,748         |
|  | -              | <b>165,000</b> | <b>165,000</b>    | <b>3,492,748</b>  |
|  | -              | (165,000)      | -                 | -                 |
|  | -              | -              | <b>165,000</b>    | <b>3,492,748</b>  |
|  | -              | -              | <b>27,545,423</b> | <b>39,870,723</b> |

\* Refer note 38

**15 Other assets  
(unsecured considered good unless stated otherwise)**

Interest accrued on fixed deposits  
Non-current bank balances (note 14)  
Unbilled revenue \*  
Other receivables

\* Refer note 27 for unbilled revenue from related parties.

|  | Non-current    |                | Current        |                  |
|--|----------------|----------------|----------------|------------------|
|  | 31-Mar-17<br>₹ | 31-Mar-16<br>₹ | 31-Mar-17<br>₹ | 31-Mar-16<br>₹   |
|  | -              | 30,536         | 44,974         | 30,143           |
|  | -              | 165,000        | -              | -                |
|  | -              | -              | -              | 2,002,294        |
|  | -              | -              | -              | 333,272          |
|  | -              | <b>195,536</b> | <b>44,974</b>  | <b>2,365,709</b> |

**Notes to financial statements for the year ended 31 March 2017**

| 16 Revenue from operations   | 31-Mar-17            | 31-Mar-16            |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| <b>Revenue from operations</b>   |                      |                      |
| Sale of products   |                      |                      |
| Manufacturing (note 39)  | 2,671,395,328        | 1,950,298,423        |
| Trading  | 161,893,245          | 134,785,429          |
|  | <b>2,833,288,573</b> | <b>2,085,083,852</b> |
| Sale of services   | 58,186,922           | 50,563,176           |
| <b>Other operating revenue</b>   |                      |                      |
| Sale of scrap  | 4,733,926            | 5,882,576            |
| Export benefits (note 39)  | 6,365,913            | 4,924,427            |
| Others   | 5,625,000            | 7,500,000            |
|  | <b>16,724,839</b>    | <b>18,307,003</b>    |
| <b>Revenue from operations (gross)</b>   | <b>2,908,200,334</b> | <b>2,153,954,031</b> |
| Less - Excise duty #   | (199,940,426)        | (138,227,669)        |
| <b>Revenue from operations (net)</b>   | <b>2,708,259,908</b> | <b>2,015,726,362</b> |
| <p># Excise duty on sales amounting to ₹ 199,940,426 (31 March 2016: ₹138,227,669) has been reduced from sales in the statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ (1,058,362) (31 March 2016: ₹1,816,290) has been considered as (income) / expense in note 19 of the financial statement.</p> |                      |                      |
| <b>Details of products sold</b>  |                      |                      |
| Enclosures   | 1,497,664,167        | 1,174,844,998        |
| Card frames  | 38,366,786           | 39,468,917           |
| Components and accessories *   | 935,423,947          | 597,756,839          |
|  | <b>2,471,454,902</b> | <b>1,812,070,754</b> |
| <p>* There are no items, which in value account for 10% or more of the total value of products sold to be shown as separate items.</p>   |                      |                      |
| <b>Traded goods sold</b>   |                      |                      |
| Electrical equipments  | 161,893,245          | 134,785,429          |
| <b>Details of services rendered</b>  |                      |                      |
| Processing charges   | 49,306,794           | 33,672,513           |
| Commissioning and installation   | 8,149,075            | 8,575,994            |
| Consulting engineering   | 150,000              | 5,809,450            |
| Service charges  | 581,053              | 2,505,219            |
|  | <b>58,186,922</b>    | <b>50,563,176</b>    |
| <b>17 Other income</b>   |                      |                      |
| Interest income on   |                      |                      |
| Bank deposits  | 791,399              | 407,437              |
| On income tax refunds  | 787,600              | -                    |
| Others   | 30,719               | 55,669               |
| Gain on account of foreign exchange fluctuations (net)   | 4,183,817            | -                    |
| Liabilities/ provisions no longer required written back  | -                    | 2,894,952            |
| Miscellaneous income   | 1,373,755            | 3,613,003            |
|  | <b>7,167,290</b>     | <b>6,971,061</b>     |

**18 Cost of material and components consumed**

|   | 31-Mar-17<br>₹       | 31-Mar-16<br>₹       |
|---|----------------------|----------------------|
| Inventory at the beginning of the year                | 136,542,499          | 148,945,420          |
| Add - Purchases                                       | 1,839,996,917        | 1,152,802,253        |
| Less - inventory at the end of the year               | (172,509,676)        | (136,542,499)        |
| <b>Cost of raw material and components consumed *</b> | <b>1,804,029,740</b> | <b>1,165,205,174</b> |

\* Includes provision towards doubtful advances ₹ 23,408,972 (31 March 2016: Nil).

**Details of raw materials and components consumed**

|                              |                      |                      |
|------------------------------|----------------------|----------------------|
| CRCA sheets                  | 183,104,619          | 134,343,829          |
| Aluminium sheets             | 3,521,238            | 4,878,235            |
| Aluminium sections           | 13,220,168           | 15,351,360           |
| Components and accessories * | 1,604,183,715        | 1,010,631,750        |
|                              | <b>1,804,029,740</b> | <b>1,165,205,174</b> |

**Details of inventory**

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| CRCA sheets                  | 24,858,263         | 15,620,228         |
| Aluminium sheets             | 2,192,136          | 87,539             |
| Aluminium sections           | 1,453,274          | 1,813,261          |
| Components and accessories * | 144,006,003        | 119,021,471        |
|                              | <b>172,509,676</b> | <b>136,542,499</b> |

\* There are no items, which in value account for 10% or more of the total value of raw materials consumed to be shown as separate items.

**19 (Increase)/ decrease in inventories of finished goods, work in progress and traded goods**

|   | 31-Mar-17<br>₹      | 31-Mar-16<br>₹     | (Increase)/ decrease<br>₹ |
|---|---------------------|--------------------|---------------------------|
| Inventories at the end of the year          |                     |                    |                           |
| Work-in-progress                            | 75,176,186          | 42,131,156         | (33,045,030)              |
| Finished goods                              | 66,131,581          | 44,037,001         | (22,094,580)              |
| Traded goods                                | 4,660,000           | 29,039,955         | 24,379,955                |
|   | <b>145,967,767</b>  | <b>115,208,112</b> | <b>(30,759,655)</b>       |
| Inventories at the beginning of the year    |                     |                    |                           |
| Work-in-progress                            | 42,131,156          | 44,777,759         | 2,646,603                 |
| Finished goods                              | 44,037,001          | 65,404,269         | 21,367,268                |
| Traded goods                                | 29,039,955          | 26,560,649         | (2,479,306)               |
|   | <b>115,208,112</b>  | <b>136,742,677</b> | <b>21,534,565</b>         |
| <b>(Increase) / decrease in inventories</b> | <b>(30,759,655)</b> | <b>21,534,565</b>  |                           |

**Details of purchase of traded goods**

|                       | 31-Mar-17<br>₹ | 31-Mar-16<br>₹ |
|-----------------------|----------------|----------------|
| Electrical equipments | 96,854,315     | 123,585,752    |

**Details of inventory**

**Work-in-progress**

|  |                   |                   |
|--|-------------------|-------------------|
| Enclosures                                     | 1,271,877         | 62,679            |
| Card frames                                    | -                 | 215               |
| Others (including components and accessories)* | 73,904,309        | 42,068,262        |
|  | <b>75,176,186</b> | <b>42,131,156</b> |

**Finished goods**

|  |                   |                   |
|--|-------------------|-------------------|
| Enclosures                                     | 56,036,573        | 23,139,681        |
| Card frames                                    | 982,656           | 1,483,041         |
| Others (including components and accessories)* | 9,112,352         | 19,414,279        |
|  | <b>66,131,581</b> | <b>44,037,001</b> |

**Traded goods**

|                       |           |            |
|-----------------------|-----------|------------|
| Electrical equipments | 4,660,000 | 29,039,955 |
|-----------------------|-----------|------------|

\* There are no items, which in value account for 10% or more of the total value of inventories to be shown as separate items.

**20 Employee benefits expense**

|   | 31-Mar-17          | 31-Mar-16          |
|---|--------------------|--------------------|
|   | ₹                  | ₹                  |
| Salaries, wages and bonus                 | 208,522,397        | 199,728,999        |
| Contribution to provident and other funds | 10,808,646         | 11,001,803         |
| Staff welfare expenses                    | 28,222,465         | 27,180,531         |
| Gratuity expense/ (reversal) (note 24)    | (426,668)          | 7,349,614          |
|   | <b>247,126,840</b> | <b>245,260,947</b> |

**21 Depreciation and amortization expense**

|   |                   |                   |
|---|-------------------|-------------------|
| Depreciation of property, plant and equipment | 47,759,487        | 46,927,137        |
| Amortization of intangible assets             | 4,302,099         | 4,962,873         |
|   | <b>52,061,586</b> | <b>51,890,010</b> |

**22 Finance costs**

|  |                   |                   |
|--|-------------------|-------------------|
| Interest   | 22,139,534        | 25,231,381        |
| Bank charges   | 1,617,938         | 1,361,524         |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 2,153,401         | 5,199,900         |
|  | <b>25,910,873</b> | <b>31,792,805</b> |

**23 Other expenses**

|  |                    |                    |
|--|--------------------|--------------------|
| Freight and forwarding charges                         | 22,583,629         | 15,765,245         |
| Casual labour  | 74,810,100         | 66,707,057         |
| Consumables  | 7,639,885          | 4,855,497          |
| Power and fuel   | 44,844,398         | 41,835,917         |
| Insurance  | 4,036,557          | 3,120,667          |
| Repairs and maintenance                                |                    |                    |
| Buildings  | 7,065,261          | 4,330,432          |
| Plant and machinery                                    | 11,112,777         | 31,413,074         |
| Others   | 16,272,207         | 12,556,213         |
| Rent   | 6,432,225          | 7,662,766          |
| Rates and taxes  | 2,398,587          | 2,308,830          |
| Legal and professional fees                            | 70,018,178         | 53,380,419         |
| Payments to auditors (i)                               | 2,831,548          | 3,203,583          |
| Directors' sitting fees                                | 303,000            | 495,000            |
| Travelling and conveyance                              | 17,057,176         | 19,710,087         |
| Advertising and sales promotion                        | 3,341,526          | 9,103,549          |
| Bad debts / advances written off                       | 3,965,182          | -                  |
| Loss on sale / discard of fixed assets (net)           | 14,646             | -                  |
| Provision for doubtful debts and advances (net)        | 26,146,178         | 7,298,103          |
| Loss on account of foreign exchange fluctuations (net) | -                  | 4,957,108          |
| CSR expenditure (note 40)                              | 156,406            | -                  |
| Miscellaneous expenses                                 | 18,663,807         | 13,324,570         |
|  | <b>339,693,273</b> | <b>302,028,117</b> |

(i) Payments to auditors

|                           |                  |                  |
|---------------------------|------------------|------------------|
| As auditors:              |                  |                  |
| Audit fees                | 1,600,000        | 900,000          |
| Limited reviews           | 1,000,000        | 2,100,000        |
| Reimbursement of expenses | 231,548          | 203,583          |
|                           | <b>2,831,548</b> | <b>3,203,583</b> |

Notes to financial statements for the year ended 31 March 2017

24 Gratuity

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service, except for workers at Pune factory being eligible for gratuity @ 30 days last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

| Statement of profit and loss                       | 31-Mar-17<br>₹   | 31-Mar-16<br>₹   |
|--|------------------|------------------|
| Current service cost                               | 2,705,662        | 2,721,706        |
| Interest cost on benefit obligation                | 3,081,871        | 2,630,782        |
| Expected return on plan assets                     | (1,180,452)      | (964,745)        |
| Net actuarial (gain)/losses recognized in the year | (5,033,749)      | 2,961,871        |
| <b>Net benefit expense / (reversal)</b>            | <b>(426,668)</b> | <b>7,349,614</b> |
| Actual return on plan assets                       | 1,464,627        | 702,051          |

Balance sheet

| Plan asset / liability                      | 31-Mar-17<br>₹      | 31-Mar-16<br>₹      |
|---|---------------------|---------------------|
| Present value of defined benefit obligation | (39,077,810)        | (39,259,508)        |
| Fair value of plan assets                   | 13,361,107          | 13,116,136          |
| <b>Plan asset/ (liability)</b>              | <b>(25,716,703)</b> | <b>(26,143,372)</b> |

Changes in the present value of the defined benefit obligation as follows:

|   | 31-Mar-17<br>₹    | 31-Mar-16<br>₹    |
|---|-------------------|-------------------|
| <b>Opening defined benefit obligation</b> | 39,259,508        | 33,513,143        |
| Current service cost                      | 2,705,662         | 2,721,706         |
| Interest cost                             | 3,081,871         | 2,630,782         |
| Benefits paid                             | (1,219,656)       | (2,305,300)       |
| Actuarial (gain)/ losses                  | (4,749,574)       | 2,699,177         |
| <b>Closing defined benefit obligation</b> | <b>39,077,811</b> | <b>39,259,508</b> |

Changes in the fair value of plan assets are as follows:

|  | 31-Mar-17<br>₹    | 31-Mar-16<br>₹    |
|--|-------------------|-------------------|
| <b>Opening fair value of plan assets</b> | 13,116,136        | 10,719,385        |
| Expected return                          | 1,180,452         | 964,745           |
| Contributions by employer                | -                 | 4,000,000         |
| Benefits paid                            | (1,219,656)       | (2,305,300)       |
| Actuarial gain/ (losses)                 | 284,175           | (262,694)         |
| <b>Closing fair value of plan assets</b> | <b>13,361,107</b> | <b>13,116,136</b> |

The Company expects to contribute ₹ 6,584,963 to gratuity in the next year (31 March 2016: ₹7,034,696)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

|                          | 31-Mar-17 | 31-Mar-16 |
|--------------------------|-----------|-----------|
| Investments with insurer | 100%      | 100%      |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                                   | 31-Mar-17 | 31-Mar-16 |
|-----------------------------------|-----------|-----------|
| Discount rate                     | 7.54%     | 7.85%     |
| Expected rate of return on assets | 8.25%     | 9.00%     |
| Salary escalation                 | 5.00%     | 5.00%     |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

|  | 31-Mar-17    | 31-Mar-16    | 31-Mar-15    | 31-Mar-14    | 31-Mar-13    |
|--|--------------|--------------|--------------|--------------|--------------|
|  | ₹            | ₹            | ₹            | ₹            | ₹            |
| Defined benefit obligation                 | 39,077,810   | 39,259,508   | 33,513,143   | 38,855,235   | 35,619,278   |
| Plan assets                                | 13,361,107   | 13,116,136   | 10,719,385   | 11,012,736   | 10,956,489   |
| Surplus/ (deficit)                         | (25,716,703) | (26,143,372) | (22,793,758) | (27,842,499) | (24,662,789) |
| Experience adjustments on plan liabilities | 4,749,574    | (2,699,177)  | 7,624,516    | 1,351,083    | 1,800,977    |
| Experience adjustments on plan assets      | 284,175      | (262,694)    | 73,998       | (191,348)    | 56,872       |

## 25 Leases

### Finance lease

The Company has finance leases and hire purchase contracts for vehicles. Future minimum lease payments (MLP) under finance leases together with the present value (PV) of the net MLP are as follows:

|  | 31-Mar-17 |        | 31-Mar-16     |               |
|--|-----------|--------|---------------|---------------|
|  | MLP (₹)   | PV (₹) | MLP (₹)       | PV (₹)        |
| Within one year                                | -         | -      | 34,712        | 34,405        |
| After one year but not more than five years    | -         | -      | -             | -             |
| <b>Total minimum lease payments</b>            | -         | -      | <b>34,712</b> | <b>34,405</b> |
| Less: Amount representing finance charges      | -         | -      | (307)         | -             |
| <b>Present value of minimum lease payments</b> | -         | -      | <b>34,405</b> | <b>34,405</b> |

Lease expense recognised during the year as interest ₹ 307 (31 March 2016: ₹ 26,897).

### Operating lease

The Company has entered into commercial leases on certain premises under cancellable operating lease and are renewable by mutual consent. There are no restrictions placed upon the Company by entering into these leases. The rent expense incurred during the year amounts to ₹ 6,432,225 (31 March 2016: ₹ 7,662,766).

## 26 Segment information

The Company has only one business segment i.e. business relating to enclosure products and accordingly, disclosure requirements as per Accounting Standard - 17 on Segment Reporting are not applicable.

Secondary information is reported geographically.

### Geographical segments:

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of the customers while other geographic information is specified by location of the assets. The following table presents revenue, expenditure and certain asset information regarding the Company's geographical segments:

|                        | 31-Mar-17            | 31-Mar-16            |
|------------------------|----------------------|----------------------|
|                        | ₹                    | ₹                    |
| <b>Segment revenue</b> |                      |                      |
| Export                 | 402,353,255          | 331,898,862          |
| Domestic               | 2,305,906,653        | 1,683,827,500        |
|                        | <b>2,708,259,908</b> | <b>2,015,726,362</b> |
| <b>Segment assets</b>  |                      |                      |
| Export                 | 96,520,077           | 77,192,068           |
| Domestic               | 620,465,479          | 345,647,996          |
| Unallocated            | 876,765,619          | 848,073,874          |
|                        | <b>1,593,751,175</b> | <b>1,270,913,938</b> |

### Note:

Fixed assets (including intangible assets and capital work-in-progress) and current assets (other than trade receivables and unbilled revenue) have not been identified to any reportable segments as they are used interchangeably between segments. All fixed assets are located in India.

**27 Name of the related parties and related party relationship**

**Related party where control exists**

|                          |  |
|--------------------------|--|
| Ultimate Holding Company | Schneider Electric SA, France                                  |
| Holding Company          | Schneider Electric South East Asia (HQ) Pte Limited, Singapore |

**Related parties under AS 18 with whom transactions have taken place during the year**

|                     |  |
|---------------------|--|
| Fellow subsidiaries | American Power Conversion (A.P.C) B.V., Philippines<br>Clipsal Manufacturing (M) SDN BHD, Malaysia<br>Pelco, Inc., USA<br>Sarel Appareillage Electrique, France<br>Schneider Electric, Egypt<br>Schneider Electric (Australia) Pty Limited, Australia<br>Schneider Electric (China) Co. Ltd, China<br>Schneider Electric Dc MEA Fzco, U.A.E.<br>Schneider Electric Espana SAU, Spain<br>Schneider Electric India Private Limited, India<br>Schneider Electric Industries, SAS, France<br>Schneider Electric Infrastructure Limited, India<br>Schneider Electric IT America Corp., USA<br>Schneider Electric IT Australia Pty Limited, Australia<br>Schneider Electric IT Business India Private Limited, India<br>Schneider Electric IT Corporation, USA<br>Schneider Electric IT Logistic Asia Pacific Pte. Limited, Singapore<br>Schneider Electric IT SA (Pty) Ltd, South Africa<br>Schneider Electric Logistics Asia Pte. Limited, Singapore<br>Schneider Electric Solar Inverters USA Inc. , USA<br>Uniflair SPA, Italy |
|---------------------|--|

**Key management personnel**

|                         |   |
|-------------------------|---|
| Swaminathan Venkatraman | Director (ceased to be a Managing Director w.e.f. 31 December 2016) |
|-------------------------|---|

**Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year:**

**Key management personnel**

|                   |  |
|-------------------|--|
| Damodar Kalavala  | Chief Financial Officer (CFO) (w.e.f. 21 May 2015)                         |
| Neeraj Garg       | Chief Financial Officer (CFO) (ceased to be CFO w.e.f. 21 May 2015)        |
| Vigneshwar Bhat   | Company Secretary (ceased to be Company Secretary w.e.f. 8 September 2016) |
| Priyanka Aggarwal | Company Secretary (w.e.f. 1 March 2017)                                    |



**Notes to financial statements for the year ended 31 March 2017**
**Related party transactions**

The following table provides the total amount of transactions that have been entered into with the related parties for the relevant financial year:

| a. Related party   | Year ended       | Sale of goods*     | Sale of services | Reimbursement of expense to Group companies | Reimbursement of expense by Group companies | Purchase of raw materials | Purchase of traded goods | Purchase of fixed assets | Amount owed by related parties included in trade receivables | Amount owed to related parties included in trade payables and other liabilities |
|--|------------------|--------------------|------------------|---|---|---------------------------|--------------------------|--------------------------|--|---|
| <b>Ultimate Holding Company</b>                              |                  |                    |                  |   |   |                           |                          |                          |  |   |
| Schneider Electric SA, France                                | 31-Mar-17        | -                  | -                | 3,318,371                                   | -   | -                         | -                        | -                        | -  | -   |
|  | 31-Mar-16        | -                  | -                | 2,040,534                                   | -   | -                         | -                        | -                        | -  | -   |
| <b>Holding Company</b>                                       |                  |                    |                  |   |   |                           |                          |                          |  |   |
| Schneider Electric South East Asia (HQ) PTE Ltd, Singapore   | 31-Mar-17        | -                  | -                | 32,925,147                                  | -   | -                         | -                        | -                        | -  | 35,251,632  |
|  | 31-Mar-16        | -                  | -                | 26,327,866                                  | -   | -                         | -                        | -                        | -  | 51,701,925  |
| <b>Fellow subsidiaries</b>                                   |                  |                    |                  |   |   |                           |                          |                          |  |   |
| Schneider Electric IT Business India Private Limited, India* | 31-Mar-17        | 216,244,775        | 5,625,000        | 1,380,685                                   | 337,000                                     | 38,934,353                | 74,890,811               | -                        | 4,515,770  | 11,869,440  |
|  | 31-Mar-16        | 288,021,311        | 7,500,000        | 1,156,442                                   | 2,690,107                                   | 25,540,383                | 85,781,139               | -                        | 14,695,369   | 41,037,050  |
| Schneider Electric India Private Limited, India              | 31-Mar-17        | 3,502,209          | -                | 18,864,219                                  | 434,515                                     | 20,011,933                | -                        | -                        | -  | 6,620,044   |
|  | 31-Mar-16        | 4,195,556          | -                | 17,104,497                                  | 266,721                                     | 5,269,098                 | -                        | -                        | 14,866   | 4,303,489   |
| Schneider Electric Infrastructure Limited                    | 31-Mar-17        | 6,304,169          | -                | 20,407                                      | 1,103,384                                   | -                         | -                        | -                        | 40,771   | -   |
|  | 31-Mar-16        | 559                | -                | -   | 41,244                                      | -                         | -                        | -                        | -  | -   |
| Schneider Electric Espana SAU, Spain                         | 31-Mar-17        | -                  | -                | -   | -   | 60,871,262                | -                        | -                        | -  | 63,192,726  |
|  | 31-Mar-16        | -                  | -                | -   | -   | 71,630,273                | -                        | -                        | -  | 71,330,640  |
| Uniflair SPA, Italy  | 31-Mar-17        | -                  | -                | -   | -   | -                         | 4,874,112                | -                        | -  | 9,541,803   |
|  | 31-Mar-16        | -                  | -                | -   | -   | -                         | 26,778,265               | -                        | -  | 22,865,960  |
| Sarel Appareillage Electrique SAS, France                    | 31-Mar-17        | 36,115,687         | -                | -   | -   | -                         | -                        | -                        | 11,011,058   | -   |
|  | 31-Mar-16        | 59,548,286         | -                | -   | 1,230,827                                   | -                         | -                        | -                        | 19,130,125   | -   |
| Schneider Electric Industries, SAS, France                   | 31-Mar-17        | -                  | -                | 6,764,420                                   | -   | -                         | -                        | -                        | -  | 5,875,479   |
|  | 31-Mar-16        | -                  | -                | -   | -   | -                         | -                        | -                        | -  | -   |
| Schneider Electric Logistics Asia Pte. Ltd, Singapore        | 31-Mar-17        | 269,765,235        | -                | -   | -   | -                         | -                        | -                        | 61,221,982   | -   |
|  | 31-Mar-16        | 70,372,865         | -                | -   | 183,154                                     | -                         | -                        | -                        | 31,074,548   | -   |
| Pelco, Inc., USA   | 31-Mar-17        | -                  | -                | -   | -   | -                         | -                        | 5,220,355                | -  | 5,253,566   |
|  | 31-Mar-16        | -                  | -                | -   | -   | -                         | -                        | -                        | -  | -   |
| Others   | 31-Mar-17        | 14,015,886         | -                | 802,554                                     | 83,368                                      | 122,177                   | -                        | -                        | 5,637,794  | 782,223   |
|  | 31-Mar-16        | 49,771,238         | -                | 538,542                                     | -   | 1,462,003                 | -                        | -                        | 6,454,577  | 608,993   |
| <b>Total</b>   | <b>31-Mar-17</b> | <b>545,947,961</b> | <b>5,625,000</b> | <b>64,075,803</b>                           | <b>1,958,267</b>                            | <b>119,939,725</b>        | <b>79,764,923</b>        | <b>-</b>                 | <b>82,427,375</b>  | <b>133,133,347</b>  |
|  | <b>31-Mar-16</b> | <b>471,909,815</b> | <b>7,500,000</b> | <b>47,167,881</b>                           | <b>4,412,053</b>                            | <b>103,901,757</b>        | <b>112,559,404</b>       | <b>5,220,355</b>         | <b>71,369,485</b>  | <b>197,101,623</b>  |

# Apart from above, the Company has recorded ₹ Nil (31 March 2016: ₹ 21,472 ) towards marketing expenses included in "Advertising and sales promotion" in Note 23 which represent samples sold free of cost to the fellow subsidiaries

\* Purchase of raw material includes purchase of Focus Product Scheme scrips of ₹ 2,692,786 (31 March 2016: ₹ 23,364,693)

**Notes to financial statements for the year ended 31 March 2017**

**b. Loans taken and repayment thereof**

|   | Year ended | Loans taken | Repayment | Interest accrued | Amount owed to related parties |
|---|------------|-------------|-----------|------------------|--------------------------------|
| Schneider Electric India Private Limited, India             | 31-Mar-17  | -           | -         | 43,450           | 10,043,450                     |
|   | 31-Mar-16  | -           | -         | 386,100          | 10,386,100                     |
| Schneider Electric IT Business India Private Limited, India | 31-Mar-17  | -           | -         | 2,690,929        | 202,626,390                    |
|   | 31-Mar-16  | -           | -         | 3,962,866        | 203,898,327                    |

**c. Interest expense on loan**

|   | 31-Mar-17         | 31-Mar-16         |
|---|-------------------|-------------------|
|   | ₹                 | ₹                 |
| Schneider Electric IT Business India Private Limited, India | 15,821,567        | 17,709,512        |
| Schneider Electric India Private Limited, India             | 730,335           | 844,625           |
|   | <b>16,551,902</b> | <b>18,554,137</b> |

**d. Unbilled revenue (included in other current assets)**

|   | 31-Mar-17 | 31-Mar-16        |
|---|-----------|------------------|
|   | ₹         | ₹                |
| Schneider Electric Logistics Asia Pte. Limited, Singapore | -         | 1,084,559        |
| Sarel Appareillage Electrique SAS, France                 | -         | 917,735          |
|   | <b>-</b>  | <b>2,002,294</b> |

**e. Remuneration to key managerial personnel**

| <b>Managerial remuneration:</b> | 31-Mar-17         | 31-Mar-16         |
|---------------------------------|-------------------|-------------------|
|                                 | ₹                 | ₹                 |
| Swaminathan Venkatraman*        | 9,986,123         | 10,650,073        |
| Damodar Kalavala                | 3,255,586         | 2,666,775         |
| Vighneshwar Bhat                | 1,273,362         | 2,371,996         |
|                                 | <b>14,515,071</b> | <b>15,688,844</b> |

**Managerial remuneration**

|                                | 31-Mar-17         | 31-Mar-16         |
|--------------------------------|-------------------|-------------------|
|                                | ₹                 | ₹                 |
| Salaries and allowances        | 13,540,023        | 13,847,252        |
| Contribution to provident fund | 490,116           | 546,557           |
| Perquisites <sup>1</sup>       | 484,932           | 1,295,035         |
|                                | <b>14,515,071</b> | <b>15,688,844</b> |

\*Out of the above, the Company has recovered ₹5,625,000 (31 March 2016: ₹7,500,000) from a fellow subsidiary based on a cost sharing agreement. The Company has accounted the same as other operating revenues in the statement of profit and loss.

As at 31 March 2016, ₹ 2,401,385 was payable to a key managerial personnel. The Company had applied for the requisite approvals with the regulatory authority. During the current year, based on the communication received from the Central Government, the approval is provided to the extent of the statutory limit under Schedule V of the Companies Act 2013. Accordingly, the Company has reversed the aforesaid amounts which were over and above the statutory limit as at 31 March 2017.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**28 Capital commitments**

|   | 31-Mar-17 | 31-Mar-16  |
|---|-----------|------------|
|   | ₹         | ₹          |
| Estimated amount of contracts remaining to be executed on Capital Account (net of advances) | 914,716   | 10,967,542 |

**29 Contingent liabilities**

|  | 31-Mar-17          | 31-Mar-16          |
|--|--------------------|--------------------|
|  | ₹                  | ₹                  |
| Claims against the Company not acknowledged as debts (i) | 8,071,234          | 5,682,862          |
| Excise and service tax matters                           | 3,720,042          | 3,166,885          |
| Sales Tax matters – Non collection of 'C' and 'I' forms  | 54,060,553         | 72,041,339         |
| Outstanding bank guarantees                              | 107,480,867        | 58,647,623         |
|  | <b>173,332,696</b> | <b>139,538,709</b> |

- (i) The Company reconciles its outstanding vendor balances by obtaining confirmations/account statements received from such vendors. Basis such reconciliations, the Company did not acknowledge vendor (other than group company) claims amounting to ₹8,071,234 (31 March 2016: ₹5,682,862) in absence of adequate documentation evidencing the proof of delivery of the materials to be received from the vendors. Further the management confirms that the materials are yet to be received by the Company. In absence of availability of adequate documentation/supporting evidences that need to be provided by the vendors, the management does not expect any material adverse effect on the financial position and the results of operation as at 31 March 2017.

### 30 Derivative instruments and unhedged foreign currency exposure

#### Particulars of unhedged foreign currency exposure as at the reporting date

|   | Currency | 31-Mar-17        |            | 31-Mar-16        |             |
|---|----------|------------------|------------|------------------|-------------|
|   |          | Foreign currency | ₹          | Foreign currency | ₹           |
| Trade payables  | EUR      | 993,621          | 68,805,858 | 1,716,008        | 128,864,463 |
|   | USD      | 1,254,575        | 81,344,881 | 516,841          | 34,283,557  |
|   | GBP      | 332              | 26,812     | 332              | 31,522      |
|   | AUD      | 15,779           | 782,276    | -                | -           |
| Other liabilities   | EUR      | -                | -          | -                | -           |
|   | USD      | -                | -          | 5,354            | 355,156     |
| Short-term borrowings   | USD      | -                | -          | 1,484,302        | 98,419,872  |
| Trade receivables (gross of provision)  | USD      | 1,280,986        | 83,057,362 | 845,126          | 56,059,649  |
|   | EUR      | 159,010          | 11,011,058 | 254,744          | 19,130,125  |
|   | AUD      | 49,451           | 2,451,657  | -                | -           |
| Loans and advances  | EUR      | 2,784            | 192,768    | 9,446            | 709,368     |
|   | USD      | 28,113           | 1,822,810  | 69,830           | 4,632,032   |
| Cash and bank balances<br>- Exchange Earners Foreign Currency (EEFC) accounts | USD      | 20,263           | 1,313,856  | 54,282           | 3,600,712   |
|   | EUR      | 32,894           | 2,277,858  | 38,281           | 2,874,718   |
| Unbilled Revenue  | USD      | -                | -          | 16,350           | 1,084,559   |
|   | EUR      | -                | -          | 12,221           | 917,735     |

### 31 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

|  | 31-Mar-17          | 31-Mar-16         |
|--|--------------------|-------------------|
|  | ₹                  | ₹                 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year   |                    |                   |
| Principal amount due to micro and small enterprises  | 139,545,180        | 28,079,025        |
| Interest due on above  | 291,886            | 87,959            |
|  | <b>139,837,066</b> | <b>28,166,984</b> |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.  | -                  | -                 |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006   | 1,430,913          | 3,005,382         |
| The amount of interest accrued and remaining unpaid at the end of each accounting year   | 7,606,062          | 5,883,263         |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | 7,606,062          | 5,883,263         |

**32 Value of imports calculated on CIF basis**

|                              | <b>31-Mar-17</b>   | <b>31-Mar-16</b>   |
|------------------------------|--------------------|--------------------|
|                              | ₹                  | ₹                  |
| Raw materials and components | 237,552,632        | 179,154,106        |
| Traded goods (net)           | 11,868,745         | 25,801,757         |
| Capital goods                | 3,725,594          | 22,236,929         |
|                              | <b>253,146,971</b> | <b>227,192,792</b> |

**33 Expenditure in foreign currency (accrual basis)**

|                                  | <b>31-Mar-17</b>  | <b>31-Mar-16</b>  |
|----------------------------------|-------------------|-------------------|
|                                  | ₹                 | ₹                 |
| Legal and professional fees      | 39,994,117        | 26,327,866        |
| Staff welfare expenses           | 3,318,371         | 2,040,534         |
| Freight and forwarding charges   | 802,554           | 552,539           |
| Repairs and maintenance - Others | -                 | 139,189           |
| Consumables                      | 882,168           | -                 |
| Miscellaneous expenses           | -                 | 282,280           |
|                                  | <b>44,997,210</b> | <b>29,342,408</b> |

**34 Imported and indigenous raw materials and components consumed**

|  | <b>31-Mar-17</b>              |                      | <b>31-Mar-16</b>              |                      |
|--|-------------------------------|----------------------|-------------------------------|----------------------|
|  | %                             | ₹                    | %                             | ₹                    |
|  | <b>% of total consumption</b> |                      | <b>% of total consumption</b> |                      |
| <b>Raw materials</b>                                       |                               |                      |                               |                      |
| Imported   | -                             | -                    | -                             | -                    |
| Indigenously obtained                                      | 100%                          | 199,846,025          | 100%                          | 154,573,424          |
|  | <b>100%</b>                   | <b>199,846,025</b>   | <b>100%</b>                   | <b>154,573,424</b>   |
| <b>Components and accessories *</b>                        |                               |                      |                               |                      |
| Imported   | 14%                           | 232,343,553          | 20%                           | 197,256,652          |
| Indigenously obtained                                      | 86%                           | 1,371,840,162        | 80%                           | 813,375,098          |
|  | <b>100%</b>                   | <b>1,604,183,715</b> | <b>100%</b>                   | <b>1,010,631,750</b> |
| <b>Total cost of raw materials and components consumed</b> |                               | <b>1,804,029,740</b> |                               | <b>1,165,205,174</b> |

\* There are no items, which in value account for 10% or more of the total value of raw materials consumed to be shown as separate items.

**35 Earnings in foreign currency (accrual basis)**

|                              | <b>31-Mar-17</b>   | <b>31-Mar-16</b>   |
|------------------------------|--------------------|--------------------|
|                              | ₹                  | ₹                  |
| Export of goods on FOB basis | 402,353,255        | 331,298,731        |
| Sale of services             | -                  | 600,131            |
|                              | <b>402,353,255</b> | <b>331,898,862</b> |

**36 As a part of Schneider Electric SA (Ultimate holding Company) overall pay policy, Schneider Electric SA, has set up a Worldwide Employee Stock Option Plan (WESOP) scheme to the employees of the group companies under which the employees are granted Stock Options of Schneider Electric SA.**

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after 1 April 2005. The scheme detailed above is managed and administered by the ultimate parent company for its own benefit and do not have any settlement obligations on the Company. Further, the aforesaid scheme pertains to shares of the ultimate parent company and impact of compensation benefits in respect of such scheme is assessed and accounted for in the books of the parent Company. Accordingly, the Company is of the opinion that the same is not required to be accounted for as per the said Guidance Note.

**37 The Company is in the process of completing transfer pricing study to ascertain whether international transactions with associated enterprises are in compliance with the transfer pricing norms under the Indian Income-tax Act, 1961. The Management does not anticipate any adjustment with regard to the transactions involved.**

- 38 The Ministry of Corporate Affairs (MCA) published notification G.S.R 308(E) on 30 March 2017 which requires the Company to disclose the details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from 8 November 2016 to 30 December 2016. Based on the information available with the Company, there are no details that are required to be disclosed in accordance with the above notification.
- 39 Profit before tax for the year ended 31 March 2017 includes adjustments pertaining to earlier years amounting to Nil (31 March 2016: (₹ 3,029,222)) as below.

| Particulars                                  | 31-Mar-17 | 31-Mar-16        |
|--|-----------|------------------|
|  | ₹         | ₹                |
| Reversal of sale of products - Manufacturing | -         | 4,847,169        |
| Other operating revenue - Exports benefits   | -         | (1,817,947)      |
|  | -         | <b>3,029,222</b> |

- 40 As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The Company has transferred its CSR allocated fund of Rs 156,406 (2016: Nil) to Schneider Electric India Foundation (SEIF). SEIF aim to contribute to the, development of underprivileged people and societies through education, awareness-raising and vocational training related to energy.
- 41 The Equity Shares of the Company were listed on the Pune Stock Exchange and permitted to be traded on the Bombay Stock Exchange. Consequent to de-recognition of the Pune Stock Exchange by SEBI, Bombay Stock Exchange has suspended the trading of the Equity Shares of the Company effective 22 May 2015.
- SEBI has issued Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/110 on 10 October 2016 providing specific guidance for such class of companies. Pursuant to the aforementioned circular, Schneider Electric South East Asia (HQ) Pte. Ltd. ("Promoter") has provided an exit opportunity to the public shareholders of the Company at an offer price of Rs. 200.40 per share. The offer price is as per the valuation carried out by an independent valuer empanelled with the National Stock Exchange (NSE). The public shareholders have an option to tender their shares to the Promoter until 11 March 2018 at the said price.
- Subsequent to the year end, certain public shareholders have transferred their shares to the Promoter basis the above exit offer.
- 42 The previous year's figures have been re-grouped/rearranged, wherever necessary to confirm to current years' classification.

As per our report of even date.

**For S.R.Batliboi & Associates LLP**  
 Chartered Accountants  
 ICAI Firm Registration Number: 101049W/E300004

**For and on behalf of the Board of Directors of  
 Schneider Electric President Systems Limited**

**Swaminathan Venkatraman**  
 Director  
 DIN: 03139440

**Sugata Sircar**  
 Director  
 DIN: 01119161

**per Mahendra Jain**  
 Partner  
 Membership Number: 205839

**Priyanka Aggarwal**  
 Company Secretary

**Damodar Kalavala**  
 Chief Financial  
 Officer

Place: Bengaluru  
 Date: 3 August 2017

Place: Gurugram  
 Date: 3 August 2017





