

Schneider Electric Infra

₹132

Life is On...!!!

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Sep 22, 2017

Company Background

Schneider Electric Infrastructure Ltd was incorporated on March 12, 2011. The company is engaged in the business of manufacturing, designing, building and servicing technologically advanced products & systems for electricity network, including products such as transformers, medium voltage switchgears, relays and electricity distribution management systems and software. It operates through four businesses; Buildings, Infrastructure, Industry, and IT. Building business provides low voltage power automation products & solutions that provide to end markets from buildings to industries and infrastructure to data centers. Infra business offers medium voltage distribution and grid automation solutions to customers in oil & gas, electric utilities and transportation markets. Industry business provides automation & control solutions for clients in water, mining minerals and metals, food beverages industries, as well as OEMs. IT business offers power & cooling services for banking & insurance, IT, and cloud and telecom customers. It has 9 manufacturing facilities in India spread over 5 locations, 4 regional offices and 13 branch/sales offices located in the country. Customers are electrical distribution and generation companies in public & private sector, companies in electro-intensive industry specific oil & gas and metals related.

Key Highlights

- ➔ Company has 3 major products namely; Switchgear and Ring Main Units, Transformers and Automation and others.
- ➔ Switchgear & Ring Main Unit, Transformers and Automation and others are contributing 48.65%, 21.30% and 30.05% respectively to Sales turnover.
- ➔ Company's EcoStruxure solution is a unique and powerful platform for co-innovation to solve the issues and challenges of energy grid.
- ➔ In FY 2016-17, over ₹ 1.8 mn was invested in energy conservation measures like installation of LED lightings, solar heater, inverter AC and capacitor bank. And installed E-House for Tata Power in Mumbai.
- ➔ India is sticking to its plan of having 100% electric vehicles by 2030, however there is big challenges, infrastructure to charge batteries & technology now companies could focus on it.

Key Financials

Year Ended 31 st	Mar 15	Mar 16	Mar 17
Revenue (INR mn)	15,028.7	15,634.7	14,048.2
Rev. growth (%)	9.23	4.03	(10.15)
EBITDA (INR mn)	(761.9)	462.4	503.8
Net profit (INR mn)	(285.4)	(182.0)	(1,598.2)
Shares outstanding (mn)	239.1	1,099.1	1,099.1
EPS (INR)	0.0	0.0	0.0
EPS growth (%)	0.00	0.00	0.00
P/E (x)	0.00	0.00	0.00
RONW (%)	0.00	0.00	0.00
ROCE (%)	0.00	0.00	0.00

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Info Codes

Reuters	: SCHN.BO
Bloomberg	: SE.IN
NSE	: SCHNEIDER
BSE	: 534139

Market Data

52 Wk Range (₹)	: 114/174
Shares in Issue (mn)	: 1,099.1
Market. Cap (bn)	: 31.59
BSE 2 Wk Avg Vol	: 113000

Share Holding Pattern (%)

Promoters Holding	: 75.00
Public & Others	: 25.00
Corporate Holding	: 00.00
Foreign Institution	: 00.00
Institutions	: 00.00

Investment Theme

Schneider Electric and Eaton Corp have emerged as the top contenders to acquire Larsen & Toubro electric and automation division for ₹ 15,000-17,000 Cr as India's largest engineering group looks to prune its portfolio & exit non-core areas. Company had announced opening of its new office in Indore, Madhya Pradesh. The growing Indian power sector has an investment potential of ₹ 15 tn in the next 4-5 years, thereby providing immense opportunities in the power generation, distribution, transmission & equipment. The government's immediate goal is to generate 2 tn units of energy by 2019. The Indian Railways is looking to award six tenders worth ₹ 8000 Cr, for setting up of a country-wide electricity transmission network. All these factors may turn positive on the company as its initial know how is pretty good.

Smart Products for Smart Solutions...!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 15	Mar 16	% Chg	Mar 17	% Chg
Net Sales	13,104.8	14,026.1	7.0	12,648.7	(9.8)
Other Income	695.7	106.1	(84.7)	260.8	145.8
Change in Stocks	(120.9)	144.8	(219.8)	(22.2)	(115.3)
Raw Material Con.	9,634.2	10,224.8	6.1	8,738.0	(14.5)
Employee Exp.	1,517.0	1,681.8	10.9	1,710.5	1.7
Indirect Taxes	1,228.2	1,502.5	22.3	1,138.7	(24.2)
Other Exp.	837.8	364.0	(56.6)	2,318.4	536.9
Operating Exp.	13,217.2	13,773.1	4.2	13,905.6	1.0
Operating Profit	462.4	503.9	9.0	(1,018.3)	(302.1)
Total Interest	385.0	428.0	11.2	324.9	(24.1)
Gross Profit	77.4	75.9	(1.9)	(1,343.2)	(1,869.7)
Net Dep.	248.6	257.8	3.7	255.0	(1.1)
Total Taxation	114.2	0.0	(100.0)	0.0	0.0
Net Profit/Loss	(285.4)	(182.0)	(36.2)	(1,598.2)	778.1

4 Years Balance Sheet

(₹ mn)

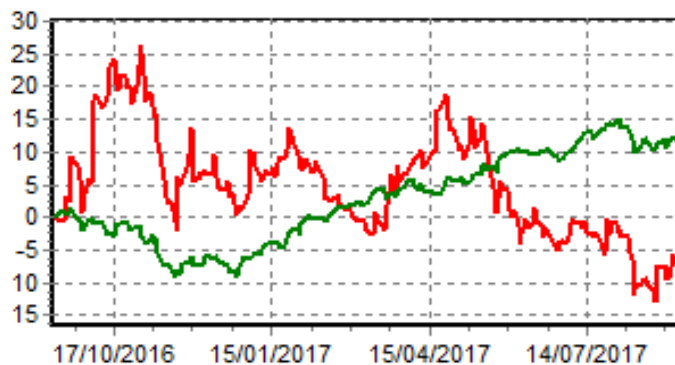
Balance Sheet as on 31 st	Mar 14	Mar 15	Mar 16	Mar 17
SOURCES OF FUNDS	3,876.5	4,379.6	4,350.7	4,843.3
Equity Share capital	478.2	478.2	2,198.2	2,198.2
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	657.6	372.2	190.2	(1,408.0)
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	2,740.7	3,529.2	1,962.3	4,053.1
USES OF FUNDS	3,876.5	4,379.6	4,350.7	4,843.3
Gross Block	2,882.2	3,334.8	3,443.3	3,621.7
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	1,126.6	1,389.3	1,605.4	1,783.5
Net Block	1,755.6	1,945.5	1,837.9	1,838.2
Capital Work in Progress	190.8	10.1	74.7	151.1
Investments	0.0	0.0	0.0	0.0
Current Assets	9,140.7	11,021.8	10,485.9	8,990.5
Less : Current Liabilities	7,952.6	9,092.0	8,549.0	6,604.2
Total Net Current Assets	1,188.1	1,929.8	1,936.9	2,386.3
Misc. Expenses not writtenoff	742.0	494.2	501.2	467.7
NOTE				
Book Value of Unquoted Investments	0.0	0.0	0.0	0.0
Market Value of Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	2,528.5	1,198.9	1,734.6	2,291.1
Dividend (%)	0.0	0.0	0.0	0.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Sep 16	Dec 16	Mar 17	Jun 17
Net Sales	2,647.8	4,278.0	2,923.6	2,887.7
Cost Of Sales	2,593.1	4,144.4	4,394.5	2,973.6
Operating Profit	54.7	133.6	(1,470.9)	(85.9)
Other Income	36.0	116.5	104.6	11.6
Adjusted PBDIT	90.7	250.1	(1,366.3)	(74.3)
Financial Expenses	91.1	89.2	62.1	95.4
Depreciation	61.7	64.0	67.5	65.3
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	(62.1)	96.9	(1,495.9)	(235.0)
Tax Charges	0.0	0.0	0.0	0.0
Reported Profit	(62.1)	96.9	(1,495.9)	(235.0)
Extra Ordinary Items	(21.7)	(22.2)	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	(40.4)	119.1	(1,495.9)	(235.0)

52 Week Index Relative Percentage Appreciation



Schneider vs SENSEX

Risks Associated

- ➔ Sales revenue was declined by 10.15% to ₹14048.20 mn, EBITDA improved by 8.95% to ₹ 503.8 mn, Net profit was down to ₹ 1598.20 mn for the FY 2016-17.
- ➔ Company has PE Ratio -21.23%, against industry PE Ratio 44.33%, PB Ratio -36.49% against industry Ratio 3.44% and EPS also not good as compare with peers.
- ➔ It has Debt-Equity Ratio 1.76, Interest Coverage Ratio is in negative zone and company was not announce any dividend for FY 2016-17.

Scope of Growth

- ➔ Schneider Electric India which is the holding company in India, announced opening of its new office in Indore, M.P.
- ➔ In next 5-10 years, around 293 global and Indian companies are going to generate 266 GW of solar, wind and mini-hydel power. It require an investment of \$310-350 bn.
- ➔ "Power for all by 2019" is good initiation by Indian Government, which require state specific action plans to implement Green Energy.
- ➔ The government has electrified 13,000 villages so far out of the total 18,452 villages and is targeting electrification of all villages by 2019, within the targeted 1,000 days.
- ➔ The Government of India is taking a initiatives like; 10-year tax exemption for solar energy projects. Power Generation Equipment market is expected to expand at a CAGR of 24.6% over FY 2015–22.



In a Nutshell

Over FY 2010-17, electricity production in India grew at a CAGR of 7.03 per cent. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides. Total installed capacity of power stations in India stood at 330,260.53 MW as on May, 2017. The Government has added 10.2 GW of conventional energy generation capacity and 12.5 GW of renewable energy capacity in FY 2017. Around 293 global and domestic companies have committed to generate 266 GW of solar, wind, mini-hydel and biomass-based power in India over the next 5-10 years. The initiative would entail an investment of about \$ 310-350 bn. Between April 2000 and March 2017, the industry attracted \$ 11.59 bn in Foreign Direct Investment. Demand for electricity is expected to increase at a CAGR of 7% to 1,894.7 TWh over FY 2007-22. Overall, as FY 2016-17 was a year of major expansion in load and production lines for SEIL facilities, the nominal kWh consumption at these three facilities increased by 3%. Sales was declined by 9.8% to 12648 mn, other Income jumped to 145.80 mn, financial charges down to ₹ 324.90. The company also refrained from declaring any dividend for the year ended March, 2017. Various reforms being undertaken by the government are positively impacting India's power sector. In wake of the surging domestic coal production, the country's power sector is becoming increasingly stable. Taking into consideration the growth in the sector, the Company is acquiring peers aggressively, we feel the company will dominant the market in future.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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