

Annual Report - 2011-2012

Schneider Electric Infrastructure Limited

*Creating Efficient Energy
Infrastructure for the Future*

Schneider
Electric

Contents

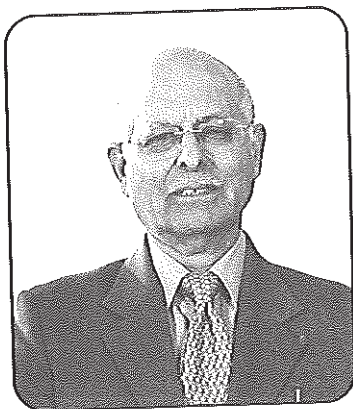
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> Message From Chairman

I am proud to present to our shareholders the Annual Report of Schneider Electric Infrastructure Limited, a listed Indian entity of the Schneider Electric Group and a market leader in India's Infrastructure sector. Our vision is to be an energy specialist for providing Safe, Reliable, Efficient, Productive & Green energy through technologically advanced integrated products and solutions for the complete Infrastructure value chain.

As consumption for power worldwide continues to grow at approximately 4% CAGR* the energy sector in India is expected to grow at an even faster pace. Your company's localized manufacturing facilities including 5 Factories, 24 Authorised Service Centres and 17 Sales Offices are important in fostering close proximity to customers. Its strong in-house research and development efforts and support by global R&D have helped build significant references to meet specific requirements of the Indian market.

I am confident that Schneider Electric Infrastructure integration with the Schneider Electric Group offers possibilities to leverage synergies and a group will further strengthen its leadership position in the Infrastructure sector. Key among these initiatives is the development of solutions to reduce energy consumption, carbon emissions and to reinforce its Corporate Responsibility commitment. The BipBop program for access to energy has enabled your company to connect million households to electricity and train up people in energy management related trades. BipBop, your company has also launched an investment fund to support local entrepreneurial energy activities.

I dedicate this Annual Report of Schneider Electric Infrastructure Limited to all our shareholders, investors, employees, communities and other stakeholders. We have your continued confidence in our business model and our commitment to **Energy for All**™.



> Message From Managing Director

2011-12 was an incredibly busy, meaningful and significant year for your company, Schneider Electric Infrastructure Limited (SEIL), from a strategic and operational point of view. We executed our priorities well, generated robust double-digit organic growth, with a healthy order intake and achieved highest ever orders and sales for the business.

SEIL has retained market leadership in its field. Its integration with Schneider Electric Group places your company in a stronger position to address an even wider scope and deliver higher synergies. We completed the carve-out from Areva T&D India and successfully listed SEIL. We built our identity around one **Schneider Electric brand**; organized our Company around customer segments and set up ourselves as part of Schneider Electric Group, the global specialist in energy management, as one integrated team where our employees can develop on a larger scale.

As energy demand continues to grow in India, there will be an even greater need to provide digital solutions for efficient management of the grid and to minimise energy losses. This is a key focus area where your company brings in very strong offerings in terms of demand side management, operation scheduling management and asset management to help customers improve their bottom line. We have a complete portfolio of smart products and solutions. The availability of Telvent solutions to SEIL, following the acquisition by Schneider Electric Group in 2011, marks a major step of our development in energy management and brings desired capabilities in the

field of smart cities, smart grid, critical infrastructure software. Another key market driver is the addition of renewable energy, where the government has aggressive capacity plans. Other market drivers important for your company are ageing infrastructure due for retrofit, wherein it has engineered offerings to enhance life cycle of the equipment with minimal down time.

SEIL is well geared to face uncertainties surrounding the economy in 2012. We can rely on our strong fundamentals to develop and go further on our well-balanced product solutions strategy. SEIL is in an exceptional position to leverage energy management technologies to seize new business opportunities offered by energy efficiency, smart grid and smart cities for the sustainability of our planet development and to offer to our customers the most integrated solutions in our markets, solutions that provide safety, reliability, efficient remote monitoring and control and reduced CO2 emissions. Connect, the Company Program of Schneider Electric Group for 2012-2014 was launched this year. This new program has now been deployed at SEIL. It defines our key action plan for the next three years along four major initiatives, 'Connect to Customers', 'Connect Everywhere', 'Connect People' and 'Connect for Efficiency', which will allow us to attain new levels of performance.

Our vision is of a world where we can all achieve more by using less of our common planet. Our mission is to help people make the most of their energy.

> Corporate Information

Board of Directors

Vinod Kumar Dhall*
Chairman (non-executive)

Prakash Kumar Chandraker*
Managing Director

Olivier Blum

Anil Chaudhry

Graham Johnson**

Ranjan Pant*

Alexandre Tagger
CFO & Wholetime Director

* v
** u

Company Secretary

C. S. Ashok Kumar

Registered Office

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

Registrars & Share Transfer Agent

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

Auditors

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

Committees of Directors

Share Transfer and Shareholders/ Invest Committee

Vinod Kumar Dhall
Prakash Kumar Chandraker
Ranjan Pant
Alexandre Tagger

Audit Committee

Vinod Kumar Dhall

> Board of Directors



C1 Vinod Kumar Dhall*
Chairman (non-executive)

C2 Prakash Kumar Chandraker*
Managing Director

C3 Olivier Blum
C4 Anil Chaudhry

C5 Ranjan Pant*
C6 Alexandre Tagger
CFO & Wholetime Director

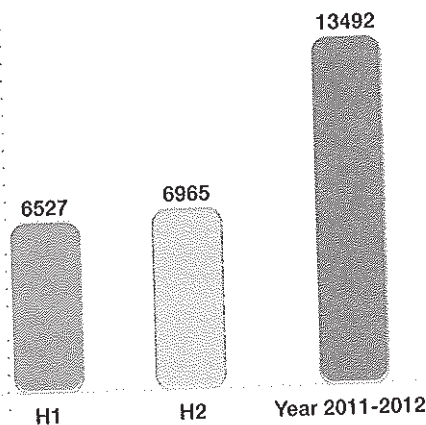
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> Financial Highlights

SCHNEIDER ELECTRIC INFRASTRUCTURE

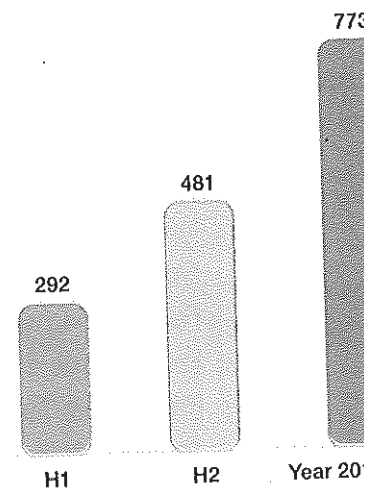
Sales

Total sales at all time high



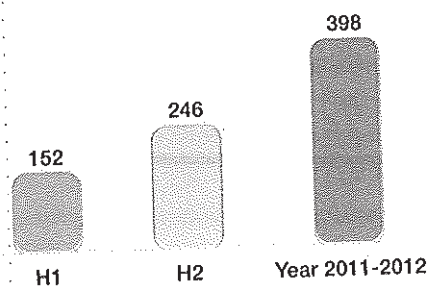
EBITA

Improved EBITA through volume, cost productivity improvements



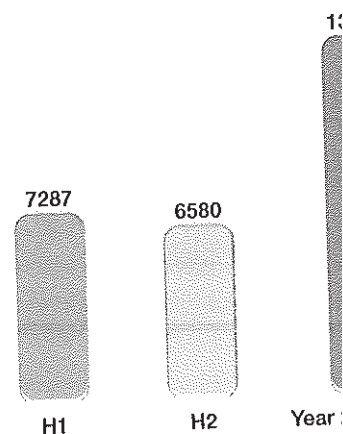
Profit After Tax

Good operating performance leading to strong PAT



Order Intake

Highest ever order intake



> Directors' Report

Your Directors take pleasure in presenting herewith the Second Annual Report and Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

| | (Rupees Millions) | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2012 | Year ended 31.03.2011 |
| Sales and Services (Net) | 13,491.92 | |
| Operating Profit before interest | 771.41 | (0.18) |
| (As percentage of net sales) | 5.7% | |
| Interest, net | 158.47 | Nil |
| Operating Profit after Interest | 612.94 | (0.18) |
| Restructuring and relocation costs | - | - |
| Profit on Sale of Property | - | - |
| Profit Before Tax | 612.94 | (0.18) |
| Taxation | (215.29) | 0.02 |
| Profit After Tax | 397.65 | (0.16) |
| Balance brought forward from previous year | (0.16) | - |
| Profit available for appropriations | 397.49 | (0.16) |
| Appropriations | | |
| Proposed Dividend | 95.64 | Nil |
| Corporate Dividend Tax | 15.52 | Nil |
| General Reserve | 39.77 | Nil |
| Balance carried forward | 246.56 | (0.16) |

Dividend

Schneider Electric Infrastructure Limited was incorporated on 12th March, 2011 and is in operation for the second year. The Directors recommend a dividend of Rs 0.40 per share (20%) for the year ended March 31, 2012. This will absorb INR 111.16 MINR (inclusive of Tax) based on existing capital.

Performance Review

Schneider Electric Infrastructure Limited, a listed Indian entity of Schneider Electric Group has market leadership and significant presence in various domains of Infrastructure sector. Our vision is to be a energy specialist for providing Safe, Reliable, Efficient, Productive and Green energy through technologically advanced integrated products and solutions for the complete value chain across Generation , Transmission, Distribution, Buildings and Infrastructure.

Your Company's localized manufacturing facilities comprising 6 Factories, 24 Authorised Service Centres and 17 Sales Offices help it to design, manufacture and supply high-end technology engineered products namely Transformers, Equipment (AIS / GIS Panels, Special Breakers for Furnance and critical applications, Package Substations), Products (Ring Main Units,

Outdoor Breakers, Auto Rec Sectionalisers and Indoor Breakers), Automation Systems & Relays, S SMART Grid and SMART City and u Turnkey solutions and services, in c to its customers.

Despite challenging market conditio has been significant for your Cor strengthened its leadership pos Infrastructure business as a key p strong portfolio of 'Smart' products e Other important developments inclu Schneider Electric Infrastructure Limit Indian stock exchanges, successf with the Schneider Electric Group helped consolidate our position i place and achieving customer bre the Industry and Utilities segments, t

> 1. Product Activity

Your Company's Product Activity designs, manufactures and installs a complete range of medium voltage products (Gas insulated Ring Main Units, Vacuum Circuit Breakers, contactors, Outdoor Porcelain clad circuit breakers, Loco Breakers and Vacuum Interrupters) for Power Distribution from generation in power plant to the end user. Two world class manufacturing facilities in Vadodara and Kolkata manufacture range of products. Both these factories are

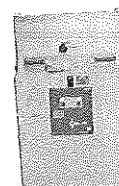
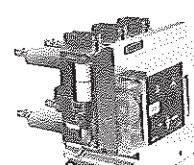
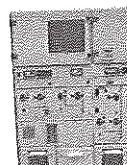
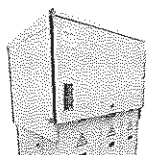
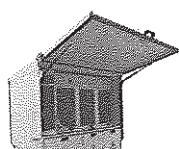
ISO 9001:2008, ISO 14001:2018001:2007 certified.

Your company derives benefit from position of Schneider Electric, a Medium Voltage products since Schneider Electric brand is knowr recognized by the most demanc Based on this experience as Schneider Electric has develop comprehensive range of innovative devices employing vacuum, air and

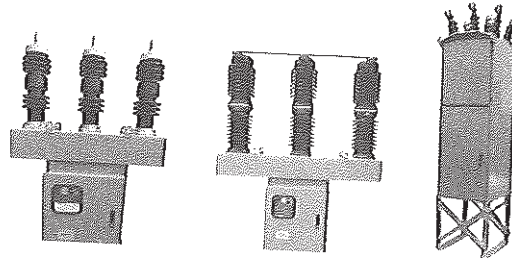
Product range

Gas Insulated Ring Main Units upto 33 kV :
FBX/FLUSARC Indoor & Outdoor

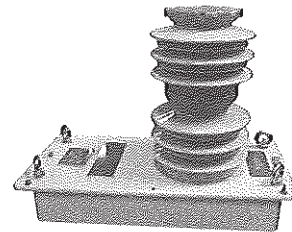
Vacuum Circuit Breaker and Cor
HVX Range



Outdoor Porcelain clad Breakers and Kiosks



Loco Breakers for Railways



Transformers

Transformers are a significant part of your Company's Products business. Your company has two state of the art transformer factories at Naini (Uttar Pradesh) and Vadodara (Gujarat), to manufacture Oil filled transformers. Both units are IMS ISO9001 / ISO14001 / OHSAS18001 certified. Your company has developed a strong reference of customers for transformers across conventional and renewables sector, state and central utilities, independent power producers (IPP) and major industries across India and more than 15 different countries across the globe. Your Company's transformers and reactors enjoy high customer

confidence for highest reliability and long expectancy among similar products in the market today.

Your Company also enjoys on-line linkages to latest worldclass technology through Schneider Electric's transformer factories around the world through the implementation of standardized design rules and production technologies. It has several 'firsts' to its credit, including the adoption of boiler core technology for increasing the efficiency of transformers manufactured.

Major landmarks during the year

Key landmarks for transformers business during the year included new orders, successful commissioning of projects, new products developed, several certifications and awards, which included:

1. First water cooled LT Riser - 8 MVA Furnace Transformer developed for Mines & Metals segment (Hindalco Industries Ltd)
2. First Buck-Boost Furnace Transformer manufactured and tested successfully.
3. Dual ratio special Transformers designed, tested,

validated and supplied to Solar Power Sector and Process Industries.

4. India's first Aluminum wound transformer manufactured and passes Dynamic Short Circuit test

5. NABL Certification for Test Lab upto 132kV 60 MVA - 1st such certification in India for 132kV Distribution Transformer Test Facility.

6. British Safety Council International Safety Award 2011

7. Greentech Safety Gold Award 2011

