

# Annual Report - 2012-13

*Schneider Electric Infrastructure Limited*

 Smart  
Energy

 Smart  
Mobility

 Smart  
Water

 Smart Public  
Services

 Smart  
renewable  
Integration

*Building a smarter grid and a smart city  
to make it more efficient, sustainable  
and liveable*

**Schneider**  
 Electric™

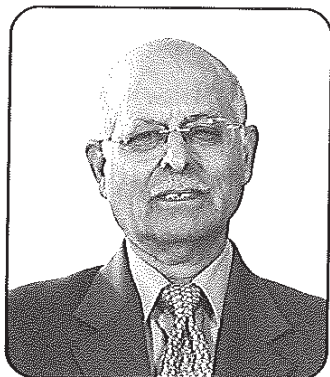
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## > Message From Chairman

It gives me great pleasure to present to you, our shareholders, the Annual Report 2012-13 of Schneider Electric Infrastructure Limited, the market leader in India's Medium Voltage Electrical Infrastructure sector. We have now been listed as a separate legal entity for more than one year.

The world of electricity is changing. Every day, end-user expectations increase and suppliers worldwide gain a greater awareness of the environmental impact of energy. As reliance on electricity grows globally, the ways in which we produce, distribute, and use energy must also evolve. While the energy challenge continues, the availability of renewable sources of energy and the amalgamation of new IT and energy technologies are reinventing ways to manage and deliver energy solutions. Your Company is committed to addressing these energy challenges by creating an environment where users, managers and utilities work together to create more innovative and integrated intelligent solutions for smarter management of energy. We are very well equipped in terms of state-of-the-art products, cutting edge technological solutions and efficient services through our dedicated R&D programs.

Your Company's 2012 performance reflects the strength of this strategy. While the infrastructure and power sectors have witnessed an increasing slowdown and significantly lower investments in key sectors, such as renewable and power

generation, Schneider Electric Infrastructure Limited has shown strong resilience, maintaining underlying performance. While orders decreased in line with the slowdown, sales showed resilience, thanks to a strong orders backlog, better execution and customer intimacy. I am pleased to inform you that Your Company has retained its market leadership despite the sectoral environment. Your Company has also started to effectively collaborate with other Schneider Electric companies to increase the offerings and improve accessibility to markets.

However, the deteriorating sectoral environment has also led Your Company to provide for its legacy projects receivables. In addition, separation and integration costs related to the legal framework have also impacted the results of Your Company, leading to an overall loss for the financial year. The young age of Your Company and the legal requirements related to distribution of dividends mean that no dividend can be distributed this year. Nevertheless, I retain full confidence in Your Company's ability to continue to grow profitably in its existing business as well as new growth areas and become a stronger and more profitable market leader.

This Annual Report of Schneider Electric Infrastructure Limited is dedicated to all our shareholders, investors, customers, employees, communities and other stakeholders for their continued confidence and trust in our capacity to help build a country of smarter infrastructure and city.

**Vinod Kumar Dhall**  
Chairman





## > Message From Managing Director

The Market in 2012-13 remained uncertain and challenging. In addition, the Power Generation and Renewable sectors were adversely impacted by liquidity challenges. As a result, the overall Infrastructure market in India shrank during this period. Operating in such challenging market conditions, Your Company still maintained leadership position in Medium Voltage electrical infrastructure segment by adding several new clients and new segments of business.

Customer Satisfaction is at the heart of Your Company's values. Your Company organized a Customer Meet at the state-of-the-art facility at Vadodara. The main focus of the event was to enhance and create deeper relationships and partnerships with customers by showcasing the global technological innovations in the field of energy efficient products & solutions. More than 100 customers from all over India participated in the event.

Through out the year, your organization has been very proactive in participating in various industry-related events in order to create awareness about energy challenges and possible smart energy solutions.

Power is a key resource that plays a vital role in the overall economic development of the nation. India is the fifth largest country in the world in terms of installed power generation capacity, and yet some parts of the country are still without power. This point underlines the scale of the opportunities in medium and long term. However in the short term tight liquidity is creating challenges in the power sector.

Indian Cities are growing and so is the constant need for Energy to keep them running. This has resulted in tremendous pressure on the existing infrastructure. Schneider Electric's experience in implementing Smart City (Smart Energy, Smart

Mobility, Smart Water, Smart Public Services, Smart Renewable Integration) and Smart Grid solutions will not only help to cope with the energy challenges, but will also help in maximizing revenue for Your Company for profitable growth in Infrastructure Segment.

The Central Electricity Authority (CEAs) 18th Electric Power Survey (EPS) projects the Energy requirement of 1354.9 BUs and Peak Load of about 200 GW for the 12th Plan period. In the domestic consumer category, the energy requirement is expected to witness a Compound Annual Growth Rate (CAGR) of 10.67% during this period while Industrial demand is expected to grow 9.91% in the medium to long term. In a nutshell the power sector will provide ample opportunities for growth.

Schneider Electric Infrastructure Limited, part of Schneider Electric is in an exceptional position to seize new business opportunities through synergies with the Group's portfolio and this will further strengthened its leadership position in the Indian infrastructure segment. With these synergies and the CONNECT transformation program (Schneider Electric's Company Program), Your Company has been able to drive growth with wider offerings in various infrastructure segments like Transportation, IT, Industries, Oil & Gas, Utilities, Renewable, etc.

In conclusion, I would like to sincerely thank all the stake holders, employees, customers and management for their continued support and confidence in our business.

We remain focused on our vision of a world where we can all achieve more while using less of our common planet. Our mission is to help people **'make most of their energy'**.

**Prakash Kumar Chandraker**  
Managing Director

## > Corporate Information

### Board of Directors

Mr. Vinod Kumar Dhall  
Chairman (non-executive)

Mr. Prakash Kumar Chandraker  
Managing Director

Mr. Olivier Blum \*

Mr. Anil Chaudhry

Ms. Rajani Kesari \*\*

Mr. Ranjan Pant

Mr. Alexandre Tagger  
WholeTime Director

Mr. V.S. Vasudevan \*\*\*

\* upto 1.3.2013

\*\* wef 22.5.2013

\*\*\* wef 11.6.2013

### 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

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

### Auditors

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

### Committees of Directors

#### Share Transfer and Shareholders/Investors Grievance Committee

Vinod Kumar Dhall - Chairman  
Prakash Kumar Chandraker  
Ranjan Pant  
Alexandre Tagger

#### Audit Committee

Vinod Kumar Dhall - Chairman  
Ranjan Pant  
Alexandre Tagger

#### Remuneration Committee

Vinod Kumar Dhall - Chairman  
Anil Chaudhry  
Ranjan Pant  
V.S. Vasudevan \*

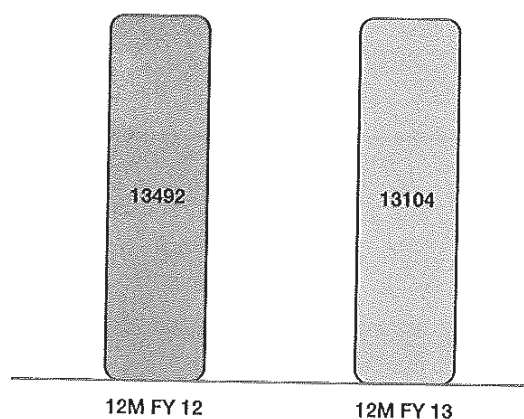
\* wef 11.6.2013

# > Financial Highlights

## SCHNEIDER ELECTRIC INFRASTRUCTURE LTD.

### Sales

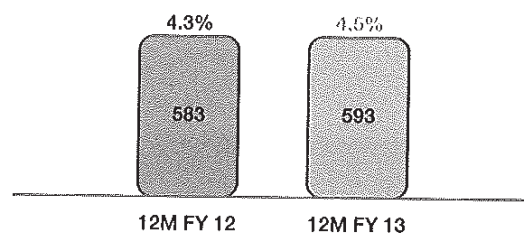
Sales declined by 2.8% Year on Year due to liquidity constraints in the sector affecting execution



### Underlying EBITA

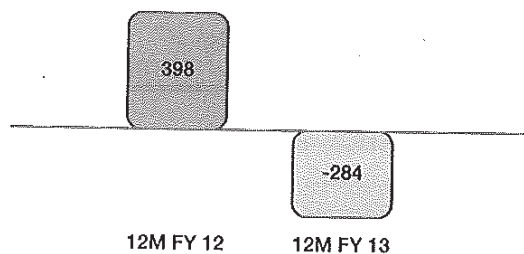
Resilience despite tough market conditions through cost control and productivity improvements

Underlying EBITA: Operating EBITA before exceptional, separation costs or one-off items



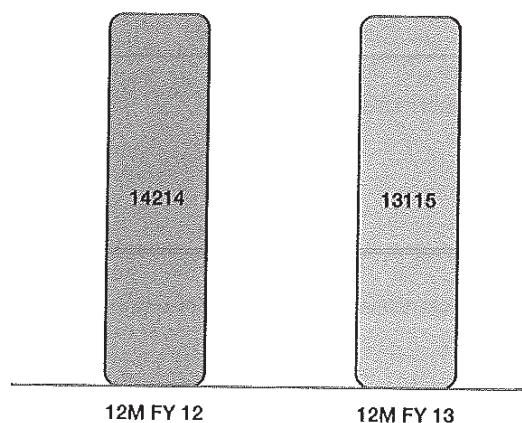
### Net Income (Profit after tax)

Impact of separation costs and one-off items relating to history leading to loss



### Order Intake

Order Intake declined by 7.7% Year on Year. Market leadership position maintained.



## > Directors' Report

Your Directors take pleasure in presenting herewith the Third Annual Report and Audited Accounts for the year ended March 31, 2013.

### Financial Results

|  | (Rupees Million)         |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
| Sales and Services (Net)                   | 13,104.13                | 13,491.92                |
| Operating Profit before interest           | 137.66                   | 771.41                   |
| (As percentage of net sales)               | 1.1%                     | 5.7%                     |
| Interest, net                              | 318.34                   | 158.47                   |
| Operating Profit after Interest            | (180.68)                 | 612.94                   |
| Restructuring and relocation costs         | -                        | -                        |
| Exceptional items                          | (100.00)                 | -                        |
| Profit Before Tax                          | (280.68)                 | 612.94                   |
| Taxation                                   | (3.91)                   | (215.29)                 |
| Profit After Tax                           | (284.59)                 | 397.65                   |
| Balance brought forward from previous year | 246.56                   | (0.16)                   |
| Profit available for appropriations        | (38.03)                  | 397.49                   |
| <b>Appropriations</b>                      |                          |                          |
| Proposed Dividend                          | -                        | 95.64                    |
| Corporate Dividend Tax                     | -                        | 15.52                    |
| General Reserve                            | -                        | 39.77                    |
| <b>Balance carried forward</b>             | <b>(38.03)</b>           | <b>246.56</b>            |

### Dividend

No dividend has been declared by the Directors for the year ended March 31, 2013, due to inadequate profits.



## Performance Review

### • Performance analysis

Despite challenging market conditions in 2012-13, Your Company has shown resilience and a strong execution of its strategy in managing maintaining a leadership position in the medium voltage electrical infrastructure sector. The Infrastructure market overall has decreased in value as investment in key sectors such as Power Generation and Renewables have slowed down. Our orders have decreased by 7.7%. The order intake rested at 13115 MINR compared to 14214 MINR last year. Our sales only decreased 2.8% thanks to a strong backlog, better execution and customer intimacy. The Sales valued at 13104 MINR compared to 13492 MINR in the previous year.

### • Performance Highlights

Your Company has strengthened its position in the Infrastructure business as a key player with a strong portfolio of 'Smart' products and solutions. We have also worked for further collaboration with the Schneider Electric Group to both widen our scope of offer, market coverage and also apply best practices to improve efficiency and decrease costs.

The company continued its focus on innovation, customer satisfaction, strengthening the local manufacturing / R&D capabilities and has built a new factory at Poonamallee, Chennai for Energy Automation. Your Company has won several prestigious contracts in Utility, Industry including in new segments like Transport, IT, Building etc. Your Company is also involved in the execution of Smart Grid projects including the prestigious project

The operating performance of the business during the year has been stable. However, it has been impacted by separation and integration costs incurred as a result of the legal framework we operate in, as well as further provisioning of older receivables, whose recoverability in the current market environment has become more challenging.

We believe we have dealt with most of the major issues, however, some operational or separation steps may still be required as per the governance process or legal framework, and may necessitate further extraordinary expenses.

involving an advanced distribution management system for Temple city Puri.

During the year, the company launched several initiatives on employee engagement, training & development, etc to further improve employee competencies. Your Company's energized and committed workforce is one of the most important assets that creates values for our customers and stake holders.

In a nutshell, the company continues to remain focused on generating sustainable and profitable growth for its shareholders, and would sincerely like to thank all the stake-holders, customers, and employees for their continued support and confidence in Schneider Electric Infrastructure Limited.



## > 1. Our Strategy

### Leverage the new energy challenges

Energy challenges are many: There is a growth in overall energy demand, raised energy prices, scarcity of natural resources, CO2 emission reduction requirements, the integration of unpredictable and intermittent renewable sources of energy, increases in peaks of consumption and many other such concerns. We have developed a wide range of Medium Voltage and Automation products and solutions that provide managers of industrial plants, data centers, infrastructure, homes

and buildings with significant levels of energy efficiency and savings. Our smart products, equipment, transformers, automation and smart grid solutions help electricity producers and distributors to improve the efficiency of their assets and to in turn, offer a better service to their consumers. This also contributes to the improvement in the operation of the grid and the reduction in investment in new generation capacity.

### Build two complementary business models

#### Products and Solutions

Products and solutions are different and complementary business models and we aim to deliver profitable growth in both. In order to reinforce our leadership positions, we continue to target growth in our Medium Voltage and automation products business by creating new opportunities for distributors and direct partners in a win-win

relationship. We are also focused on growing our solutions business by reinforcing project execution and increasing our service revenues. We have developed reference architectures for our energy automation solutions in targeted end-markets in order to facilitate smooth integration of our products and speed up project design and execution.

## > 2. Customer Satisfaction

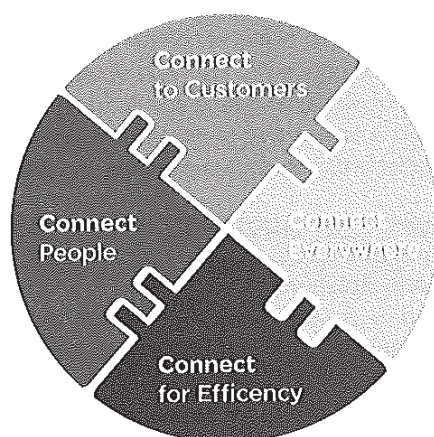
Customer satisfaction is an integral part of your organization's growth strategy. Every contact with Your Company should be a positive experience that makes all customers, no matter who they are or where they are located, feel understood and

satisfied. This commitment is an important differentiating factor, and customer satisfaction surveys are regularly carried out. Customers also have access to online diagnostics and support services including training.

### > 3. Connect, Schneider Electric's New Company Program (2012-2014)

Your Company has adopted Schneider Electric's new company program Connect.

*The new 3-year plan covering 2012-2014 includes four major initiatives:*



- **Connect to Customers:** this initiative aims at further improving the performance of its business models in order to be a leader in products and in solutions, and to adapt the different dimensions of the customers and partners experience with Your Company.
- **Connect Everywhere:** this initiative is designed to identify key investment areas in new geographies.
- **Connect People:** the target of this transformation is to create a culture and an environment for the employee's development and performance through enhanced levels of engagement.
- **Connect for Efficiency:** this initiative includes the actions aiming at profitable and responsible growth through industrial productivity, process efficiency and society at large.