

# Annual Report - 2013 - 14

Schneider Electric Infrastructure Limited



Your reliable partner  
to make Smart Cities a reality

**Schneider**  
Electric™

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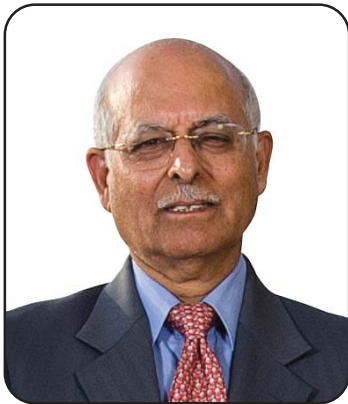
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## > Message From Chairman

With great pride and pleasure I am presenting to you, our shareholders, the Annual Report 2013-14 of Schneider Electric Infrastructure Limited (SEIL). For the past two years, we have been successfully collaborating with other Schneider Electric Companies to increase the offerings in the Infrastructural sector and improve our access to markets.

Although the global energy requirement continues to rise, to support rapid urbanization and industrialization, the dearth of resources to meet the growing demand is posing a major challenge. Everyone is focusing on achieving more output with minimum available input. With advanced technologies that can save up to 30% of business-as-usual energy consumption, increasing the efficiency to higher levels is central to the energy challenge. Your Company has retained the market leadership in energy infrastructure and has remained a key player in the energy distribution and automation landscape.

The year also marked the start of a rapid shift to digitization. The shift towards smart and connected equipment is creating smarter electrical grids. A rapid shift to digitization, will require electrical contractors and end-users to be equipped with adequate knowledge regarding energy management systems so as to effectively manage smart assets, that might be spread

far and wide throughout industry and infrastructure. Schneider Electric's on-line resources, its people and services are there to help customers about energy efficiency. They will answer key questions and increase their level of knowledge. Your Company's order performance during the year has been stable. However, profit has been influenced by several factors like restructuring cost, debtors provisioning etc. Nonetheless, with the backing of an energized and committed workforce, I hold complete faith in Your Company's ability to continue on the profitable growth in the existing business. We also look forward to become a stronger and more profitable market leader by prospering in new growth areas. Schneider Electric Infrastructure Limited will continue to focus on customer satisfaction and innovation by scaling up the local manufacturing with an exclusive range of 'Smart' products and 'Smart' solutions, Your Company has strengthened its position in the Infrastructure Business as a key player. I proudly dedicate the Annual Report of Schneider Electric Infrastructure Limited to all our shareholders, investors, customers, employees, communities and other stakeholders for their continued confidence and faith in our business model and our capacity to help build a country of smarter infrastructure.

**Vinod Kumar Dhall**  
Chairman





## > Message From Managing Director

The fiscal year 2013-14 has been significant and challenging for Schneider Electric Infrastructure Limited (SEIL). Despite the difficult market conditions, Your Company managed to execute its priorities well and strengthened its numero uno position by maintaining its market leadership. Though the tough market conditions were prevailing, Your Company was able to book new orders of Rs. 13,549 MINR due to the focus on new domains like Distribution Management System (DMS), Oil and Gas and Metros. Your Company also launched new smart technology product like Premset, Solid Shield Insulation, Feeder Automation & Self-healing Grid Solutions. While we were up in order intake by 3.3% year on year, still the slowdown prevailing in the Indian Electric Infrastructure Industry, over the last couple of years has continued to impact the performance of Your Company. We are standing at a juncture which seems like the beginning of a new era, a future that Your Company is optimistically looking forward to. As a leader in technology innovation and energy management, Your Company has the opportunity, to be at the forefront by capturing the trends of the evolving energy world, particularly those touching its business in a major way. This opportunity led Your Company to lead the trend of digitization of products and solutions (i.e. 'Smart' products and 'Smart' solutions).

SEIL has identified the digitization trend early and has complete faith that it will pave the way towards a new future in the industry, a future which Your Company plans to dominate. In India, Your Company has a deep-rooted local presence and strong partnerships that uniquely positions it in the digitization journey. In collaboration with Schneider Electric entities, Your Company is equipped with advanced digital solutions, product and services and has developed a unique way to address new business challenges and provide digital solutions, for efficient management of grids and smart city. We also undertook CSR action to help restore power supply, during Uttarakhand disaster.

As always, Your Company's unwavering focus remains on building efficient products and solutions for its customers as much as on generating sustainable and profitable growth for its shareholders. I would further like to thank all the shareholders, employees, customers for supporting us and for your absolute trust and confidence in Schneider Electric Infrastructure Limited.

As always, our vision is to focus on making a world where everyone can achieve more while using less of our common planet. Our mission is to help people make ***'the 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. Anil Chaudhry**

**Mr. Ranjan Pant**

**Ms. Rajani Kesari**

**Mr. V.S.Vasudevan**

**Mr. Javed Ahmad\***

**Mr. Alexander Tagger\*\***

**Mr. Manish Jaiswal\*\*\***

\* for the period of 01.08.2013 to 22.05.2014

\*\* upto 10.07.2013

\*\*\* wef 22.05.2014

## Company Secretary

Sameet Gambhir

## Chief Financial Officer

Anurag Mantri

## 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. LLP

Chartered Accountants

Golf View Corporate Tower-B

Sector 42, Sector Road

Gurgaon 122 002, Haryana

## Committees of Directors

### Nomination & Remuneration Committee

**Mr. Vinod Kumar Dhall** - Chairman

**Mr. V.S.Vasudevan**

**Mr. Anil Chaudhry**

**Mr. Ranjan Pant**

## Stakeholder's Relationship Committee

**Mr. V.S.Vasudevan** - Chairman

**Mr. Prakash Kumar Chandraker**

**Mr. Ranjan Pant**

## Corporate Social Responsibility (CSR) Committee

**Mr. V.S.Vasudevan** - Chairman

**Mr. Ranjan Pant**

**Mr. Prakash Kumar Chandraker**

## Audit Committee

**Mr. Vinod Kumar Dhall** - Chairman

**Mr. Ranjan Pant**

**Mr. Rajani Kesari\***

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

\* w.e.f 01.08.2013

\*\* w.e.f 29.10.2013

## Risk Management Committee

**Mr. Ranjan Pant** - Chairman

**Mr. V.S.Vasudevan**

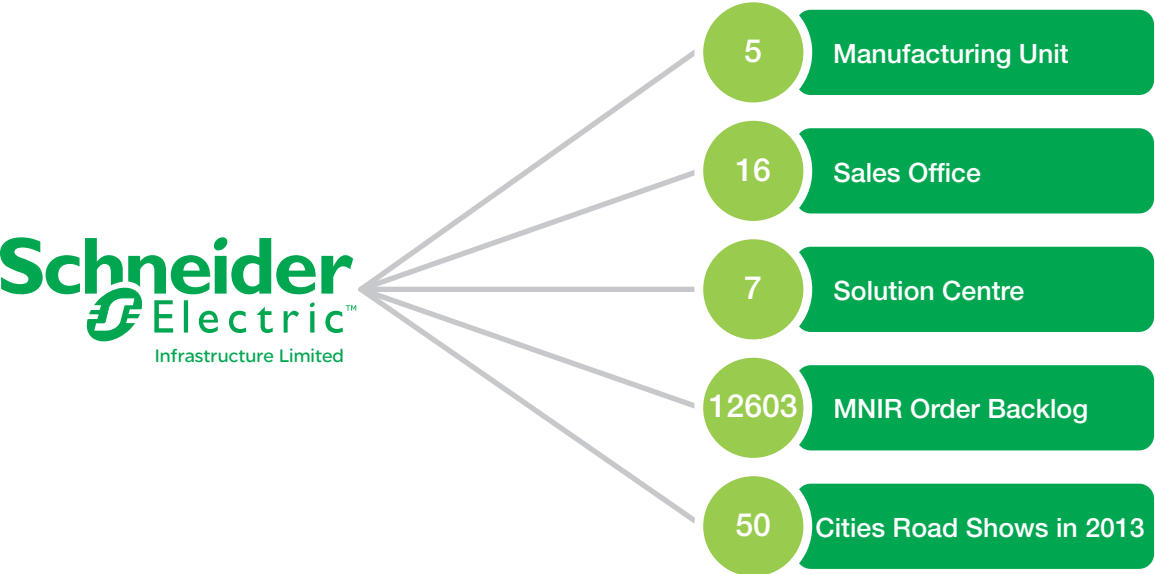
**Mr. Prakash Kumar Chandraker**

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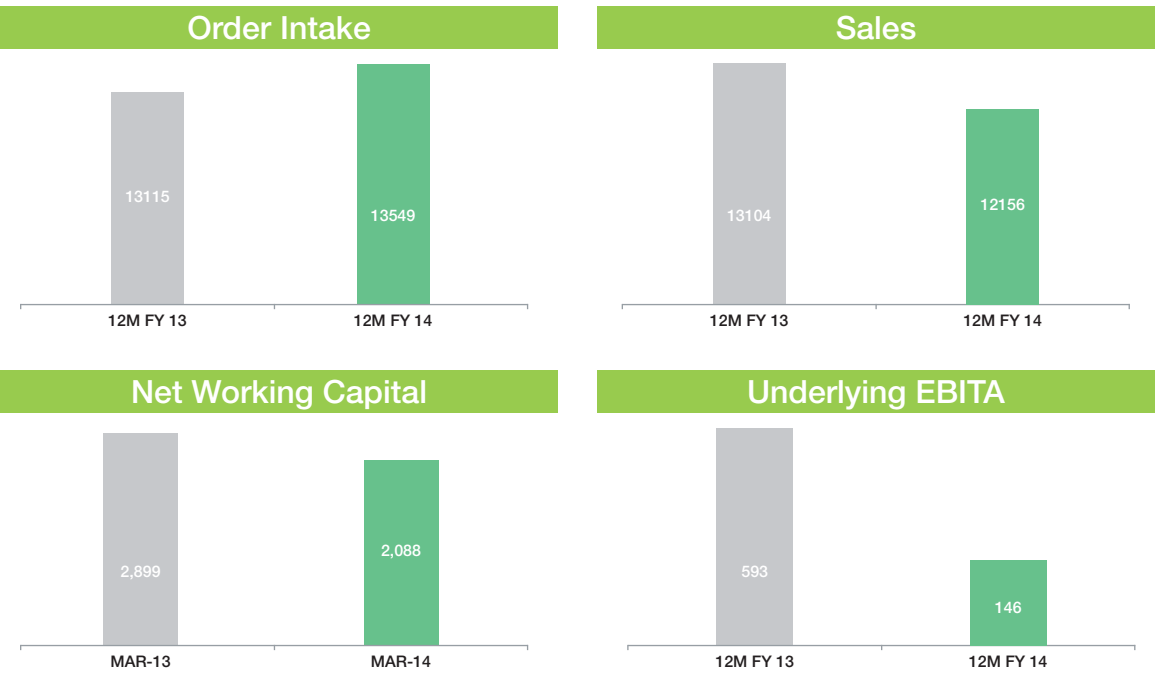
Financial Highlights

SCHNEIDER ELECTRIC INFRASTRUCTURE LTD.

Key Statistics



Financial Highlights



\* Account receivable + Inventory - Accounts Payable

## > Directors' Report

Your Directors take pleasure in presenting herewith the Annual Report and Audited Accounts for the year ended March 31, 2014.

### Financial Results

	(In MINR)	
	12M FY 2013/14	12M FY 2012/13
Sales and Services (net)	12,156	13,104
<b>Operating profit before interest</b>	<b>(616)</b>	<b>138</b>
(As percentage of net sales)	-5.1%	1.1%
Interest (net)	(260)	(318)
<b>Operating profit after interest</b>	<b>(876)</b>	<b>(180)</b>
Exceptional items	(373)	(100)
<b>Profit before tax</b>	<b>(1,249)</b>	<b>(280)</b>
Tax expense	0	(4)
<b>Profit after tax</b>	<b>(1,249)</b>	<b>(284)</b>
<b>Reconciliation to Underlying EBITA</b>		
<b>Operating profit before interest</b>	<b>(616)</b>	<b>138</b>
Add:		
Provision for doubtful debts	665	291
Foreign exchange variation cost (net)	303	57
Separation, integration, restructuring and other costs	11	107
Operational support - Corporate	(421)	0
Provision for litigation	204	0
<b>Underlying EBITA</b>	<b>146</b>	<b>593</b>

### Dividend

No dividend has been declared by the Directors for the year ended March 31, 2014, due to inadequate profits.

## Performance review

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2013-2014 proved to be one of the difficult years in the recent times for the power sector. Driven by the decrease in Capex investment, the year witnessed a decline in the size of electrical infrastructure market. Despite the harsh and difficult market conditions, Your Company, through efficient management strategies and pragmatic decision-making, managed to maintain its market leadership position in the medium voltage electrical infrastructure sector. Order intake in 2013-2014 stood at INR 13,549 million as against INR 13,115 million during the same period last year, translating into 3.3 percent RISE. The Company reported sales worth INR 12,156 million as against INR 13,104 million achieved during the previous year, a 7.2 percent drop. The recoverability of older receivables has remained a challenge due to the tough market conditions. Still, considering the circumstances, the Company has dealt with most of the issues admirably and also managed to streamline the operations to improve the efficiencies.

The focus of Schneider Electric Infrastructure Limited (SEIL) remained the same as always: Providing consumers with products and solutions that achieve maximum efficiency with minimum energy usage. This has helped Your Company to further strengthen its position, even in this tough market environment. Identifying the potential of smart devices, Your Company has also created a team - focussed on Smart City portfolio. Smart devices with 'Smart' solutions are going to be the

future and SEIL is already positioning itself to be the pioneer in this segment.

During 2013-2014 SEIL's focus was on increasing the range of offerings, widening the market coverage, and innovation. It increased its local presence and the range of offerings. It has been part of several highly prestigious projects and acquired an impressive portfolio of new clients in Advance Distribution Management System (ADMS) and Smart Grid domain. Your Company is also known in the industry for its customer centric approach and superior customer care. To maintain the high quality customer care it is extremely important to have an excellent internal collaboration. In this regard, SEIL has introduced SPICE - Schneider Electric Platform for Information Collaboration & Efficiency.

Employees are the greatest assets of SEIL. They are the factor that helps Your Company achieve its goals and retain its market leadership position. It launched several training and engagement initiatives to further enhance their competencies. The workforce remains focused on creating value to the customers and shareholders.

In an overall tough year, Your Company's focus remained on sustainable and profitable growth. SEIL would like to thank the shareholders, customers and employees for their continuous support and confidence in the Company.



# > 1. Our Strategy

## Capturing the mega-trends

In the past year, Your Company has built on the identified trends to become the leader of the energy efficiency. As a leader in energy management, Schneider Electric Infrastructure Limited is at the forefront of capturing the trends of the new energy

world, in particular those affecting its business in a significant way. Urbanization, digitalization and industrialization are opening new market opportunities for Schneider Electric.

## Leverage the world's new energy challenges

The world's energy challenges are many: growth in energy demand, energy price increases, scarcity of natural resources, CO<sub>2</sub> emissions reduction requirements, integration of unpredictable and intermittent renewable sources of energy, increases in peaks of consumption and others. We have developed a wide range of products and solutions that will provide end users with significant levels

of energy efficiency and savings. Our Smart Grid Solutions help electricity producers and distributors to improve the efficiency of their assets and to 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 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 increasing our service revenues and reinforcing project execution.

Products allow us to continue to achieve scale and pricing power in our diffused markets, while providing differentiation through technologies that can be combined and integrated. Solutions will allow us to generate additional growth and profits, lower capital intensity and help reduce cyclicality. They also provide significant opportunities for dialogue with final end-users, which in turn helps inform our quest for continuous innovation.

## Invest in profitable and responsible growth while driving efficiency

We believe in the high long-term growth potential of our business and we continuously invest to drive that growth. This investment is focused on sustained spending in research and development, as well as on growing our commercial presence and skills, especially in the fields of high value-added technologies and services.

In addition to the investments we make to foster

growth, driving efficiency at all levels of our Company is an equally important focus of the Group. We continuously seek to generate savings from purchasing and manufacturing and through improving operational efficiency by reducing selling, general and administrative expenses while maintaining best-in-class standards in environmental sustainability and social responsibility.

## > 2. Supply Chain Digitization Initiatives

### Following actions started for Supply Chain Digitization

- One MM tool implemented for unhealthy stock calculation
- V-fast tool under implementation for improving vendor forecasting process
- SIOP tool under implementation for end to end optimisation of sales, inventory and operations processes

## > 3. Digitization of Customer Care

### Customer Care Excellence

Each customer interaction, be it on phone, via email or on the web is an opportunity for us to make a difference. The customer must see us as ONE Schneider Electric being able to provide the right support at the right time. Customer Care is one of the key drivers of customer satisfaction and loyalty.

Customer Care is the front office of Schneider Electric - the one stop for all our customer queries, ranging from pre-sales support to post-sales technical support. We ensure our customers are able to get the required support during the life of our products and solutions.

### Customer Care Excellence (CCE) program

The objective of this program is to enhance customer satisfaction and loyalty by providing excellent and value-added support with easy access to the right competent support person and promote self-service utilizing digital technology.

*A program led jointly with IPO (Information, Process & Organization) to create a unique Customer Care experience dedicated to:*

**Our Customers:** Improve customer satisfaction by providing consistent and professional support

- One CCC phone number: single customer point of entry for all businesses, all regions and all requests
- Round the clock availability

- Online self-service
- Profile based personalized support

**Our Employees:** Improve productivity and customer support thanks to CCE technologies

- Productivity enablers
- 360° customer view
- Collaboration around multi-channel support

**Our Company:** Build professional, large size and efficient CCCs with multi-languages, multi-skills, multi-request support and optimise infrastructure investment

- Position Customer Care as a brand differentiator
- Leverage CCCs for business growth.