

Schneider Electric Infrastructure Limited Annual Report 2014-15



Connecting Energy Infrastructure for
an efficient, liveable and sustainable city

Schneider
Electric™

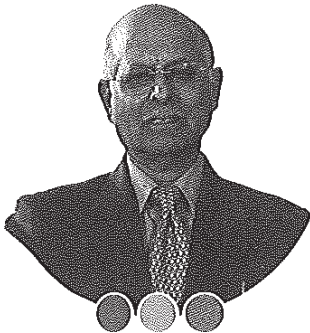
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> Message From Chairman

It is my privilege to present the 2014-15 Annual Report of Schneider Electric Infrastructure Limited (SEIL) to our valued shareholders. Your Company has strengthened its market leadership position in its domain and has maintained a stable performance in 2014-15, despite the tough sectoral environment.

India's economy has faced some hardships over the past few years. The good news, however, is that business sentiments have now become positive. The new government has identified infrastructure as its priority to push economic growth. The government has made its intent clear towards the development of Indian Power sector by promising 24*7 uninterrupted power for all. The measures include renewable energy generation in a big way apart from measures to improve reliability of distribution grid and reduction of AT&C losses. Two key schemes - the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and the Integrated Power Development Scheme (IPDS) have been announced with the aim of improving the sub transmission & distribution network reliability in rural and urban areas. Considering the weak financial conditions of distribution utilities, the government has also planned to provide financial assistance to utilities to strengthen and modernize the distribution grid.

As energy demand continues to grow in India and transmission & distribution (T&D) losses are high, there will be a greater

demand for digital solutions to efficiently manage the grid and to minimize the energy losses. This is a key focus area where Your Company brings in very strong offerings in terms of Smart Grid, Asset Management and Demand-side Management to help customers improve their operational performance.

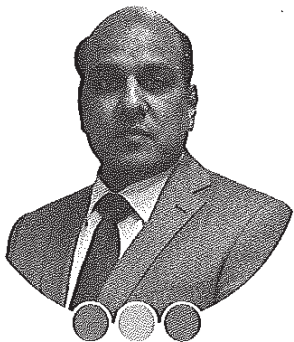
Other market drivers important for Your Company are the ageing of electrical infrastructure requiring retrofit and modernization. The new government has also announced 100 Smart cities to improve the efficiency of urban infrastructure. Schneider Electric Infrastructure Limited (SEIL) is in a unique position to seize the new business opportunities in Smart Cities through a strong portfolio of technological offerings.

The Company continued its focus on innovative solutions, customer satisfaction and employee engagements as a part of its growth philosophy.

Finally, I would like to thank all our shareholders, customers, suppliers, communities and other stakeholders for their unstinted support to the Company during the year. I would also like to thank all the employees including my colleagues on the Board for their tireless commitment to enhance the performance and well being of the Company.

With best wishes,

Vinod Kumar Dhall
Chairman



> Message From Managing Director

Your Company has been successful during 2014-15 in establishing itself as a thought leader in the emerging wave of Smart Cities. The new government's vision of "Make in India" and to develop 100 smart cities to encourage urbanization and generate employment will be a great business proposition for Schneider Electric Infrastructure Ltd (SEIL). The policy level thrust on Smart Cities will make the power distribution segment's self healing Smart Grid projects an important component of overall infrastructure efficiency improvement drive. We are strongly positioned to provide smart city solutions in the proposed cities with our wide range of intelligent products and solutions.

Coming to our performance in 2014-15, some of the key projects we delivered were the very first Smart grid project for CESU in Puri; the very first e-house for an O&G company; successful commission of the fast bus transfer scheme for Nigrie in MP. It has helped Your Company to record a 7.8% sales growth and has made a significant improvement at PAT level with strict control over expenses.

The power sector is the key enabler of India's economic growth and a crucial component of India's basic Infrastructure for new government's "Make in India" vision. The govt. has taken appreciable actions on the policy front to improve the power sector outlook. There is a plan to add renewable capacity of 100GW by 2022 to reduce the carbon footprint which will create new opportunities in this segment. However, our electricity consumption is still quite low when compared with developed countries, thus offering scope for rapid improvement in capacity addition and T & D infrastructure.

Your company has developed a wide range of smart products and digital solutions that will provide Utilities and End users significant level of efficiency in operations and savings in bottom line. We are also increasingly focusing on other segments like Water, Buildings, IT, etc apart from our core

segments with our niche products and solutions to accelerate our business growth. Our Asset Management Solutions with a combination of operational technology and information technology provides new value propositions to customers to make their life easier and creates new opportunities for your company. Our Asset management solution with mobile application helps customers to achieve required level of performance of electrical infrastructure through condition based monitoring in whole life cycle of the assets. You would be glad to know that your company has been awarded with Frost & Sullivan Green Manufacturing Award 2015 for its initiative of promoting sustainability through green energy manufacturing.

After the successful completion of the company program "Connect" the new company program "Schneider is On" has been launched. The new company program aims to build a strong foundation for a cohesive, resilient and efficient SEIL. Our customers see our company through our people. Developing our employees and fostering a high performance collaborative culture is the main focus of our leaders. As a continuous endeavor to make SEIL a Great Place to work, various employee engagements workshops were conducted with the primary focus of encouraging diversity and employee empowerment.

SEIL has been a trend setter in providing technologically advanced solutions with the engagement of key stakeholders which will go a long way in securing a sustainable future for the industry. Going forward, our offers will be more connected, enabling new services and improving the lives of our customers. End to end digital customer experience will be our focus area. I would like to sincerely thank all the stakeholders, employees, customers and board members for their continued support and confidence in our business.

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. Vishar Subramanian Vasudevan
Mr. Manish Arun Jaiswal**
Mr. Sugata Sircar***
Ms. Sonali Kaushik****

* Resigned effective 22.10.2014
** Appointed effective 18.06.2014 and
Resigned effective 18.04.2015
*** Appointed effective 02.11.2014
**** Appointed effective 07.11.2014

Company Secretary

Mr. Anil Rustgi*
Mr. Sameet Gambhir**

* Appointed effective 15.05.2015
** Resigned effective 14.03.2015

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
Mr. Vishar Subramanian Vasudevan
Mr. Anil Chaudhry
Mr. Ranjan Pant

Stakeholder's Relationship Committee

Mr. Vishar Subramanian Vasudevan
Mr. Prakash Kumar Chandraker
Mr. Ranjan Pant

Corporate Social Responsibility (CSR) Committee

Mr. Vishar Subramanian Vasudevan
Mr. Ranjan Pant
Mr. Prakash Kumar Chandraker

Audit Committee

Mr. Vinod Kumar Dhall
Mr. Ranjan Pant
Mr. Rajani Kesari*
Mr. Vishar Subramanian Vasudevan
Mr. Sugata Sircar**

Risk Management Committee

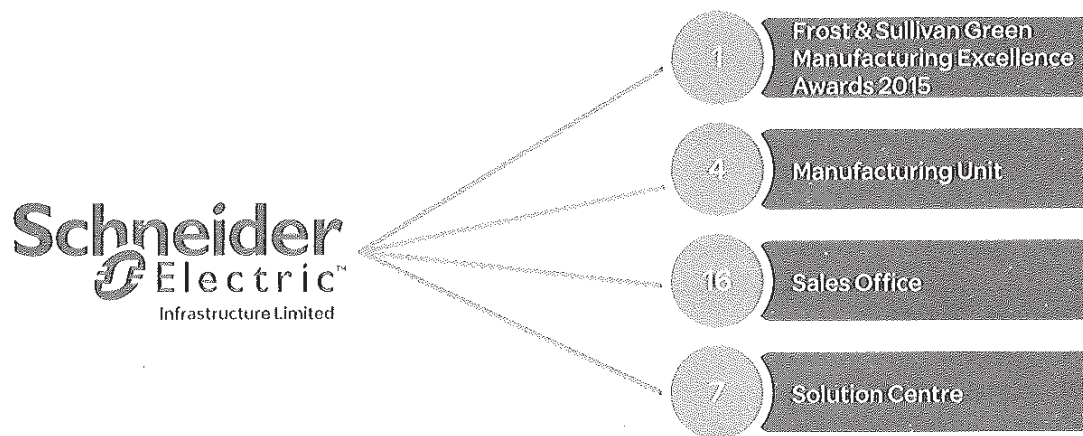
Mr. Ranjan Pant
Mr. Vishar Subramanian Vasudevan
Mr. Prakash Kumar Chandraker

* Resigned effective 22.10.2014
** Appointed effective 02.11.2014

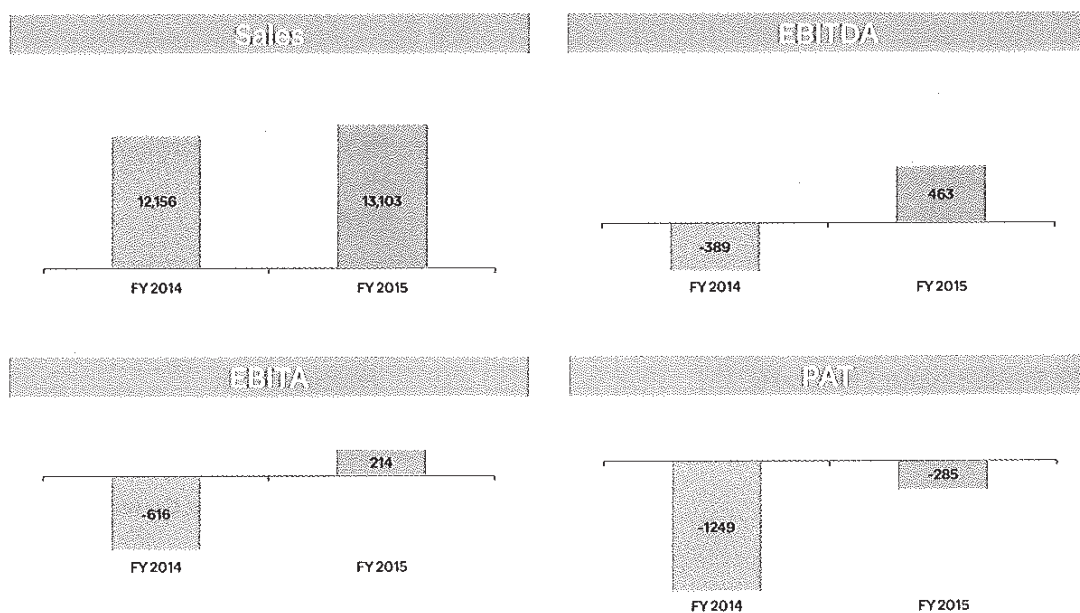
> Financial Highlights

SCHNEIDER ELECTRIC INFRASTRUCTURE LTD.

Key Statistics



Financial Highlights (IN MINR)



> Directors' Report

Your Directors take pleasure in presenting herewith the Annual Report and Audited Accounts for the year ended March 31, 2015.

Financial Results

	(In MINR)	
	12M FY 2014/15	12M FY 2013/14
Sales and Services (Net)	13,103	12,156
EBITDA	463	(389)
(As percentage of net sales)	3.5%	-3.2%
Depreciation	249	227
EBIT	214	(616)
(As percentage of net sales)	1.6%	-5.1%
Interest, net	385	260
Earnings after Interest	(171)	(876)
Exceptional items	0	373
Profit before tax	(171)	(1,249)
Tax expense (Deferred tax Reversal)	114	0
Profit after tax	(285)	(1,249)

Dividend

No dividend has been declared by the Directors for the year ended March 31, 2015, due to inadequate profits.

Performance review

The year 2014-2015 was a year of cautious treading for Your Company. Looking at the meager growth in the power generation sector market and the weak signs of revival at the beginning of the year, the company had strategically made choices to limit the negative impact of the market dynamics on the performance of the company. We maintained leadership position in the MV market we operate in. This was made possible by our persistent efforts in meeting the customer needs through innovation and improved organizational operational efficiency.

Order intake in 2014-2015 stood at 13,103 million as against 12,156 million INR during the same period last year, translating into 7.8 percent growth.

The focus of SEIL remained as always on "Providing customers with products and solutions that achieve maximum efficiency with minimum energy usage". This has helped Your Company to further strengthen its position, even in an uncertain market environment. Identifying the potential of the future trend of smart integrated solutions, Your Company has also created a portfolio of smart products and solutions through deep engagement with different segments of customers. Smart integrated solutions are going to be the future and SEIL is already positioning itself to be the pioneer in this segment.

During 2014-2015, SEIL's focus was on providing its customers with digitized solutions adapted and suited to their specific needs. The customer centric approach of the company, which is the DNA of the group, has also helped in exploring newer avenues for value creation.

The year has seen the company gaining recognition and confidence from both its customers and stakeholders. Providing increasingly reliable, safe and environment friendly offers allowed the company to realize a healthy mix of trend setting technological orders and business as usual orders.

Employees are the most valuable assets of SEIL. They create value that helps Your Company achieve its goals and retain its market leader position. We launched several training and engagement initiatives to further enhance their competencies. The workforce remains focused on creating value for the customers and stakeholders.

In an overall challenging year, Your Company was successfully able to deliver to the expectations of its key stakeholders and SEIL would like to thank the shareholders, customers and employees for their continuous support and confidence in the company.

> 1. Our Strategy

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, CO2 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 improvement in the operation of the grid and reduction of investment in new generation capacity.

Serve the increasing need for automation of our customers in key market segments

The rapid industrialization taking place in India as well as rising standard of power reliability and safety is creating significant opportunities for growth. Coupled with this, large corporations are looking

to improve operational efficiency across the whole enterprise, while at the same time improving security and safety for operators and the environment.

Support the digital transformation of customers and partners

The convergence of operational technology (OT) and information technology (IT) creates many new opportunities for customers. It makes their life easier, increases productivity, creates new business models that provide new value propositions for their own customers. Digitization is at the heart of their future growth. Through continuous innovation,

we engineer products and solutions that help them unlock this potential. Schneider Electric builds native connectivity in its product offerings, delivers a range of digital services to help customers extract value from their data and provides the best customer experience to customers and partners.

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. Products allow us to continue to achieve scale and pricing power. In order to reinforce our leadership position and continue to grow, we leverage technology to offer connected, market leading products. Solutions and Services allow us to generate additional growth and profits, lower capital intensity and help reduce

cyclicality. They provide significant opportunities to develop greater customer intimacy and stickiness through dialogue with final end users, which in turn helps in our quest for continuous innovation. We have developed reference architectures for solutions in targeted end-markets in order to facilitate smooth integration of our products and speed up project design.

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 innovation, 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 the Company is an equally important focus of the Group. We continuously seek to generate savings from purchasing, selling and manufacturing. Operational efficiencies are improved by reducing general and administrative expenses, while maintaining best-in-class standards in environmental sustainability and social responsibility.

> 2. Supply Chain Digitization Initiatives

The following actions were started for Supply Chain Digitization

- SIOP tool implemented in all plants for end to end optimization of Sales, Inventory and Operations processes
- "Bridge SAP", new version of SAP, is under implementation across all plants
- Front end digitization tool "Satellite" launched to improve tendering and project management efficiency

> 3. Customer Care Excellence (CCE)

Customer Care Center (CCC) is one of the key drivers of customer satisfaction and loyalty-the one stop window for all our customer queries ranging from pre- sales support to post sales technical support. Your Company ensures that the customers are able to get the proactive support during the life of our products, services and solutions. The objective of CCE 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.

CCE is designed to create a unique Customer Care experience dedicated to:

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

- One CCC phone dedicated number: single customer point of entry for business, regions and 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 CCE for business growth.