

Schneider Electric Infrastructure Limited

Chairman's Speech for the Second Annual General Meeting of the Company on 31st July 2012 at 'The Tropicana', The Gateway Hotel, Akota Garden, Vadodara 390020, Gujarat

Ladies and Gentlemen,

I take immense pleasure in welcoming our esteemed Shareholders, who are here with us today for the second Annual General Meeting of Schneider Electric Infrastructure Limited.

Your Company has always had special links to Vadodara. It is here that its world class factories for Primary and Secondary Switchgear, Products and Equipment, Transformers and Retrofit Competency Centre were commissioned in 2009 by Hon'ble Chief Minister, Shri Narendra Modi and which have drawn appreciation from our customers. On behalf of the Board of Directors and Shareholders of Schneider Electric Infrastructure Limited, I would like to convey our sincere thanks to the Government of Gujarat for encouraging enterprise and to its people for their warmth and continued support. Indeed, we are very happy to be here and will seek to grow and play an active role in this State's vibrant economy.

The year 2011-12 has been significant for your Company in many ways. It was incorporated in March 2011 as a Public Limited Company, subsequently changed its name to "**Schneider Electric Infrastructure Limited**" in December 2011 and got listed on premier stock exchanges such as National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange.

During 2011-12, your Company strengthened its leadership position in the Electrical Infrastructure business and emerged as a key player with a strong portfolio of state of the art products and solutions for energy efficiency, and despite challenging market conditions, your Company recorded the highest ever order intake of 13867 MINR (1386.7 Crores) and all time high sales of 13,492 MINR (1349.2 Crores) for the year.

I would like to share with you the highlights of some of the major orders secured by your Company during the year, notably in the Industry, Utilities, Powergen and Renewables segments:

- Major orders from BESCO for Bangalore Distribution Project, CESC and NDPL that further strengthened your Company's leadership in the Secondary Distribution segment.
- Outdoor transformer package for NTPC Mauda-Solapur super thermal power project

- Order for MV Equipment and Transformers for Reliance Power's Ultra Mega Power Plant (UMPP) in Sasan, Madhya Pradesh.
- Prestigious contract from L&T Chennai for supply of Substation Automation & Protection for Tata Steel's Bulk Power Receiving Station at Gulmuri for its Jamshedpur Plant.
SCADA order from NALCO for Substation Automation of their switchyard at Angul plant.
- Major Renewable evacuation Substation Orders from Moser Baer (Solar Photo Voltaic), Regen Powertech, Enercon (Windbased Power Plant), etc comprising Transformers, Equipment, Automation and other Switchyard Equipments.

Your company's business is conducted under 6 broad activities: Products, Equipment, Transformers, Automation, Solutions and Services. Let me touch briefly on each of these activities.

Products Activity

The Products activity designs, manufactures and supplies a complete range of Medium Voltage products such as Gas insulated Ring Main Units, Vacuum Circuit Breakers, Contactors, Outdoor Porcelain Clad Circuit Breakers, Loco Breakers and Vacuum Interrupters for Power Distribution. Your Company has two world class manufacturing facilities in Vadodara and Kolkata to manufacture these products. Both these factories are ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 certified.

Equipment Activity

During the year, your Company's Equipment Activity maintained its leadership position and also introduced new offerings in the market. Major investments were done on Equipment upgrades and validation tests. A new Indoor Switchgear with improved features was a resounding success in the market.

Transformer Activity

Transformers are a significant part of your Company's Activity. Your Company has developed several important references for transformers in the conventional Power Gen and renewable sectors, state and central utilities, independent power producers (IPP) and major industries across India. It has two state of the art transformer factories at Naini (Uttar Pradesh) and Vadodara that manufacture Oil filled transformers. Both factories are ISO9001/ISO14001/OHSAS18001 certified.

During the year, Transformers Activity achieved several ‘firsts’ to its credit. Notable among these were:

1. First Buck-Boost Furnace transformer manufactured and tested successfully.
2. Dual ratio special Transformers designed, tested, validated and supplied for production of Renewable Energy .
3. First Aluminium wound transformer manufactured and passed Dynamic Short Circuit test.
4. National Accreditation Board Limited (NABL) Certification for Test Lab.

Automation Activity

Your Company’s Automation business provides Smart Digital Solutions to Utilities, Renewable, Industry and Oil & Gas segments to help increase their operational efficiencies and minimise energy losses. Its Network Automation business offers state-of the-art solutions in the domains of **Smartgrid and Smartcity**. The launch of Smart Grid in India is likely to benefit your company significantly. With the strategic acquisition of TELVENT, by our parent company Schneider Electric, your company is very well positioned to provide a complete bouquet of Smartgrid and Smartcity Solutions to drive energy efficiency program.

In order to improve its operational efficiencies and throughput, your company continued to invest in several R&D programmes, including redesign to cost, across all product categories. Your Company has also opened an Automation R&D center at Noida, as part of its global R&D initiatives to provide appropriate technology to the market place. In addition, your Company continued to deploy lean manufacturing processes and six sigma tools across its manufacturing locations.

Solutions Activity

Your Company’s Solutions Activity is a major player in the turnkey Electrical project business. Its range of offerings includes evacuation sub-stations, electrical balance of plant (eBoP), electrical distribution systems, medium and low voltage packages, customised packages for specific needs, power distribution for infrastructure, providing extended warranty and long term maintenance support.

During the year, the Solutions Activity successfully entered new business segments such as Cement, Mining & Metal, Powergen, Renewables, Oil & Gas, Infrastructure, to name a few. In the renewables segment, your Company demonstrated great speed and further strengthened its market leadership by winning orders for several AC evacuation substations. Many of these substations were for Solar Photovoltaic projects in Gujarat and have already been successfully commissioned, meeting stringent time and quality requirements. Among the key substation

references in the Renewable sector were Regen Powertech's wind based power plant at Tamil Nadu, Moser Baer's solar PV plant at Patan, Gujarat. biomass projects for A2Z Group.

Services Activity

We undertake retrofit activity to improve the reliability and extend the life of existing installed base of products and equipments, annual maintenance contracts, extension bays for expansion of existing substations, specialized services and training as part of our service activity.

Future Outlook

The Government has proposed several initiatives to improve and reform the distribution sector and with this the energy infrastructure market is expected to be on an upward trajectory, in the long run.. However, there are many challenges which may impact the growth of your Company in the short run. The existence of aggressive competition might put strong price pressure and liquidity in the market may affect cash flow and profitability. In the face of these and other challenges, your Company's management team is already driving various transformation programmes to improve operational efficiencies and productivity. The team will remain completely focused to meet these challenges and continue to deliver the best value for all shareholders.

With these words I once again welcome you all to this second Annual General Meeting and thank you for continuing to repose faith in your Company.

Thank You!

VINOD DHALL

[This does not purport to be a record of the proceedings of the 2nd Annual General Meeting].