



## GE T&D India Limited

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November 17, 2017

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BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI 400 001

The Manager  
Listing Department  
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra Kurla  
Complex, Bandra (East)  
MUMBAI 400 051

The Secretary  
The Calcutta Stock  
Exchange Limited  
7, Lyons Range  
KOLKATA 700 001

**Code No. 522275**

**Symbol: GET&D**

**Code No. 17035**

Dear Sir,

Sub: Transcript - GE T&D India Limited Earnings Call for Investors held on November 6, 2017

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on November 6, 2017 in respect of unaudited financial results for the second quarter and half year ended on September 30, 2017.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For GE T&D India Limited

Manoj Prasad Singh  
Company Secretary

Encl: As above



“GE T&D India Limited’s Q2 FY18 Earnings Conference  
Call”

**November 06, 2017**



**MANAGEMENT: MR. SUNIL WADHWA - MANAGING DIRECTOR, GE  
T&D INDIA LIMITED  
MR. GAURAV NEGI - WHOLE TIME DIRECTOR AND  
CFO, GE T&D INDIA LIMITED  
MR. MANOJ PRASAD SINGH - COMPANY SECRETARY,  
GE T&D INDIA LIMITED  
MR. ANSHUL MADAAN - COMMUNICATION LEADER,  
GE T&D INDIA LIMITED  
MR. SANDEEP ZANZARIA - COMMERCIAL LEADER, GE  
T&D INDIA LIMITED  
MR. SUNEEL MISHRA – HEAD (INVESTOR RELATIONS),  
GE T&D INDIA LIMITED**



*GE T&D India Limited  
November 06, 2017*

**Moderator:** Ladies and gentlemen, good day and welcome to GE T&D India Limited formerly Alstom T&D India Limited's Q2 FY18 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Suneel Mishra, Head of Investor Relations, GE T&D India Limited. Thank you and over to you Mr. Mishra.

**Suneel Mishra:** Thank you, Janice. Ladies and gentlemen, good day. Myself Suneel Mishra and I am looking after Investor Relations for the company. So welcome to today's conference call with GE T&D India Limited's management team. We have organized this conference call to present financial result for the second quarter of FY2018 ended 30<sup>th</sup> September 2017. Hope you are now quite familiar with our new website address, which is [www.ge.com/in/ge-td-india-limited](http://www.ge.com/in/ge-td-india-limited). Now let me introduce to our management team on this call. We have Mr. Sunil Wadhwa – Managing Director, GE T&D India Limited; Mr. Gaurav Negi – Whole Time Director and CFO, Mr. Manoj Prasad Singh – Company Secretary, Mr. Anshul Madaan – Communication Leader and I have an opportunity to introduce our new Commercial leader, Mr. Sandeep Zanzaria. Please note this conference call is scheduled up to 5:00 PM. I hope you would have received the Investor-Analyst Presentation and read the disclaimer on slide number two. So we will now begin with Mr. Wadhwa presenting the key highlights, followed by Mr. Gaurav Negi.

I now invite and request Mr. Wadhwa to begin. Over to Mr. Wadhwa.

**Sunil Wadhwa:** Thank you, Suneel. And good afternoon friends. I am taking you through in the same sequence as has been given in the presentation which has been uploaded by Suneel Mishra. So starting with the key projects which have been commissioned, one of the flagship project of the company is the Champa Kurukshetra project, 800kV HVDC line link. The pole 2 of this project was commissioned in this quarter under reference. And this is actually the first link in India, which starts with as much as 3,000 megawatts of power through HVDC. Now we are entering Phase-II, which will again have two poles, totaling 3,000 megawatts. This will be one single project of 6,000 megawatts HVDC. The other notable project commissioned is 440 kV AIS substation for the Tamil Nadu Transmission Company in Rasipalayam and this is also commissioned in this quarter under reference. And the last one which we mentioned is the 400 kV AIS substation for Jindal Steel Works in Bellary. So there has been a strong focus on execution this quarter as well. And hopefully will continue with the same vigor.

The key orders that we have secured this quarter and mostly from, in fact all of them from the private sector; one is the Doosan Power Systems where we have projects of 2x660 megawatt thermal power project in UP. We have two locations, Jawaharpur and Obra and so we have a project which has been secured this quarter. Also we had secured an order in the last quarter prior to this from the same company. In the solar space we have a company called Marine Electricals, which has got a 50 megawatt project from Neyveli Lignite Corporation and we have



got the turnkey DC project from them, which included the AC balancing system and the DC **wrap**. Again on the solar side, we have this company called Saurya Urja, which is a joint venture of IL&FS and Government of Rajasthan in a place called Bhadla in Jodhpur where we are doing the 220 KV substation where the Phase-II order has been placed on as we completed the Phase-I already. CPCL Manali 145 KV substation, ABB, Energy Pack, Amara Raja Power these are some of the orders that we have secured in this quarter. And the notable part is that all of these are private sector. The orders intake in the H1 of this year is close to 23 billion in this half year which is 13% higher than the same period last year. Though in the quarter per se, the numbers have been lower than the similar quarter last year as the timing difference was there. But on an overall, six monthly basis we are 13% higher than last year.

Sales execution during second quarter has been flat compared to the last year same quarter. On an half yearly basis we are 20% higher at Rs. 21.33 billion compared to Rs. 17.85 billion last year. This is despite the GST impact which we experienced in the last quarter. And mostly it has been overcome. So you can say it's a good exemplary tax timely for us. PAT, the story is quite interesting. In the three months, ending September '17 we had a PAT of 47.5 crores compared to 20.5 crores profit after tax in September '16 quarter. On a half yearly basis, our profit after tax is 109.2 crores, compared to a negative 176 crores last year. But if you ignore the onetime write-offs that we had made last year of 178 .5 crores, we had a marginal profit of 1.6 crores for the half year last year, compared to 109 crores this year.

On the key data, I would request, Gaurav if you can go to the next slide.

**Gaurav Negi:**

Yes. Thanks Sunil. Just to summarize in terms of the financial performance, Sunil mentioned that the sales was flat, but on a first-half basis we are growing 20%. The operating profit as well as the profit after tax actually doubled. If you see the operating profit this quarter was 92 crores versus the 55 crores that we had in the last quarter, year over year. And the profit after tax at 47.5 crores, versus a 20.5 crores. So overall, the execution has been strong, the margins have improved.

And with that we'll open it up for questions please.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin with the question answer session. We will take the first question from the line of Renu Baid from IIFL Please go ahead.

**Renu Baid:**

Three questions from my end. First on execution side, if you can help us quantify what was the impact in 2Q billings because of GST and should one assume that the first half growth that we have achieved in revenue is 20% despite a lower base last year can be maintainable in the second half as well, the growth rate?

**Gaurav Negi:**

If you want to send the other two questions also, Ms. Baid.



**Renu Baid:** Yes, the second question, especially, I think on the margins front, if we see for this quarter, the material margin was significantly higher. So was it lead by some mix issue? which is not sustainable or certain write-backs. And if you can help us clarify on that? And third, if you can just also help us understand the kind of improvement in cash collections and debt reduction? The net debt that you have seen at the end of first half, do you think that is maintainable for the year or is more of a half yearly or quarter ending adjustments that you repay the debt and the books look cleaner? Thank you.

**Gaurav Negi:** So just from an execution stand point I think Ms. Baid, if you please follow the past few quarters, the overall execution has been improving. The conversion from the backlog has also improved. We did have an exception this quarter where it was flat, but I think it's more timing. We'll be able to recover this quarter's execution in the next quarter. But as far as the 20% growth rate that you are seeing, our target is to grow. But I will not be able to give you some specifics in terms of what the rates are going to be, but the endeavor is going to convert as much as we can from an order standpoint into revenue.

**Renu Baid:** So, was just trying to see that, as in last quarter also you were closer to 1200 crores. And this has been run rate for the last two or three quarters in between 1000-1200, crores. So this quarter the lower sales that we are seeing, what could have been the sales deferment of slippages because of GST of couple of billion rupees or, if you can throw some color on that or help us quantify that number?

**Gaurav Negi:** So I will not give you specific numbers, but I will tell you what is happening. This was one, there is definitely a deferment from a GST standpoint because we did take time some time in terms of getting amendments from our customers. So there was a slowdown in the first two months of the quarter. We tried to cover it after this third month. Alongside that there is also, if you see a disclosure change that is happening. Earlier the revenues used to be grossed up and the netting of the excise used to happen outside of that, on the expense side. With GST now, it's all being netted off. So there is an impact of that also on the revenue line.

**Renu Baid:** Sure. So the margins and book?

**Gaurav Negi:** So as far as the margin are concerned, again the improvement that you will see has been happening for the last few quarters. If you see on a first half basis, we managed , our cost of material/execution. This was an exceptional quarter in the sense that we had closure project which gave us a better margin, something which we have to consider as one-off, but I would not say this exceptional margin will continue. If you see the run rate that we have delivered in the first half, that is something that we will continue to push for. But as we have highlighted in the prior calls, one thing that really bothers us is the pricing that we are seeing in the marketplace, which is going to be a pressure that we'll probably have to watch out for. Our endeavor is to offset that pricing pressure with improvement in the operations side and it is across the board. It will be along product cost, it's going to be along execution cost and so on so forth. But endeavor remains to continue to improve the margins as we have done in the last couple of quarters.



- Renu Baid:** Right sir. But 7% to 8% EBIT can be sustainable, even if first half we're at 10% level?
- Gaurav Negi:** Yes, so we managed to improve. Again the pricing pressure is something which is going to be a variable over here Ms. Baid, because the pressures that we have seen at the past, we have managed to offset it through the optimization that we have done from an execution cost standpoint. We continue to focus on that. And again, our endeavor is going to be to achieve higher margin levels, I will not be able to give you specifics beyond that.
- Renu Baid:** This time in the presentation we haven't highlighted specifically on the market outlook. So, post GST now in the second half, do we expect the overall business momentum with respect to order finalizations to pick up. And also if you can highlight how is the outlook on the Gencos side from an ordering perspective for eBOP and others. Thank you and all the best sir.
- Sunil Wadhwa:** I'll briefly start by saying and then I'll hand over to Sandeep, this is Sunil Wadhwa here. I think what is happening is that, we are seeing more of business coming in from state Transcos, state utilities and upgrade to Power Grid. Next one year that's what our assessment is. And so, that's a shift number one. Secondly we are looking at more and more of solar business coming in. Now we have many projects that we are discussing and how much of them we will be able to bag and they have this short cycle of converting into sales. But there is therefore directional shift as far as the orders.
- Sandeep Zanzaria:** Thanks Sunil. And I think what specific question you asked for Gencos, is it they are not looking at too many investments happening in the state sector in Gencos? Maybe with NTPC we are looking at about somewhere in the next year.
- Moderator:** Thank you. We take the next question from the line of Renjith Shivram from ICICI Securities. Please go ahead.
- Renjith Shivram:** Wanted to understand, is there any change in the localization clauses in some of the PGCIL projects like 765 GIS and all, and if that so, will that impact our overall margins?
- Sandeep Zanzaria:** So there is no change in the localization clauses for the Power Grid contracts, which are there. But yes definitely the clauses remains same is that you need to have a factory in India. So, I think that clause is consistent for last two years. There is going to be some preference is going to be given in future contracts.
- Renjith Shivram:** And sir, some of the Chinese and Koreans have currently put up their factories. And do you see them becoming more aggressive in these projects and you tend that overall you are losing some orders to them, is that understanding right?
- Sunil Wadhwa:** Look, it's both ways. Sometimes they lose orders to us and sometime we lose orders to them. So there is no specific pattern I have seen of bidding by either Chinese or Koreans or even Indian companies including the ones who are European companies, which are having their own, I mean,



take our case also. So we have analyzed that there are many tenders where we have beaten Chinese and there are other ways also. It's a function of how much orders in hand a factory has and what is the sort of urgency to fill the capacity that is required to be filled in. So we have tried to do a benchmarking exercise, we have tried to analyze. It's a question of who is hungry at what point of time. So, therefore it's nothing specific about Chinese or Koreans or especially when they are making in India.

**Renjith Shivram:** Okay. And regarding the pole 3 and 4, are we going as per the timeline and when are you expecting this to be completed?

**Sunil Wadhwa:** It will be completed in next financial year.

**Renjith Shivram:** By March?

**Sunil Wadhwa:** No, I am saying next financial year, dates are being discussed. But we have three, four versions of the plans depending on various variables. But I doubt it will be completed in this financial year.

**Renjith Shivram:** Okay. And sir, just wanted to understand, after this pole 3, pole 4, there is no major HVDC in the pipeline. So what is our strategy, so how are we going to grow from there once this big project is over? Are we in a situation where we can see some stress in terms of our execution because this is one of the big order. But after this we are not seeing any major HVDC, so what's our thought process?

**Sunil Wadhwa:** See, there's one project in Bangladesh, which is coming for HVDC. That's all about HDVC. I don't think there is any more HVDC in the pipeline on the drawing board as such probably we can sense. In terms of our overall order backlog, we are basically looking at many other options, new opportunities coming from railways, renewable side and then you have this new scheme where the government wants power for all to be actualized by 2019. So that is showing up lot of new possibilities within the state transmission, intrastate transmission network strengthening schemes. So it's not specifically HVDS replacing HVDS, except the opportunity that we have identified in Bangladesh. But there is new demand being created therefore and the addressable market growing slightly towards these areas which I had just mentioned, railways, intrastate transmission. Intrastate transmission in my view is going to be a big one especially with the what I called Saubhagya scheme.

**Moderator:** Thank you. We take the next question from the line of Subhdip Mitra from JM Financial. Please go ahead.

**Subhdip Mitra:** My question is with regard to the HVDC, for pole 3 and 4, would it be possible to quantify how much of this HVDC will still be in our order book?

**Gaurav Negi:** So, we still got another, I would say 40% of our way to go up.



- Subhdip Mitra:** I guess the number was around 900 crores in Q1 if I remember correctly.
- Gaurav Negi:** Yes.
- Subhdip Mitra:** So, it would be 40% of that, is that what you mentioned?
- Gaurav Negi:** 40% of the original.
- Subhdip Mitra:** Okay, understood. Secondly, just wanted to get a sense, you did mention that interstate transmission is the new opportunity, I mean, what kind of market size would you be seeing for this particular segment say over the next 2 to 3 years, addressable market size...
- Sunil Wadhwa:** Our guesstimate is about 20,000 crores per annum. And this is intrastate by the way, not interstate. So, I mean, we have a guess of about, I mean, we are reading, and many states have come up with their own estimates. So I think it's in the region of about 20,000 crores per annum.
- Subhdip Mitra:** So given that state finances still aren't particularly rosy, do you really see that kind of traction actually coming up, I mean, or do we see that maybe smaller quantum of this opportunity might actually get realized?
- Sunil Wadhwa:** No, it could be, maybe it's not 20, it could be 18. But most of these projects, these are CAPEX projects are funded by financial institutions. So I don't have the exact number, but I have seen many messages or in fact some articles on how much money has been sanctioned by REC and PFC to these states.
- Sandeep Zanzaria:** So that is one thing that the states are actually looking for fund from RFC, PFC and also from ADB and agencies like KfW. So there are lot of external agencies, which are also funding these projects.
- Sunil Wadhwa:** The problem will be for these institutions to get paid, not for the EPC guys. I mean, that's the situation, I mean, they get funded for this CAPEX. And you know what happens is when these funds are allocated, earmarked for lending to these states, there is a pressure also from REC and PFC. In some cases, they are consultants also, to ensure that spending takes place because their disbursements depends on these. The issue is the speed of execution from our side. But these are funded projects, four, five agencies as we mentioned, multi-lateral PFC, REC. So it doesn't depend on the state finances.
- Subhdip Mitra:** Understood. Lastly, a bit of a bookkeeping question. Essentially what I am looking at is, I think in one of your last calls you did mention that the employee cost bonus cycle has changed and we might end up looking at a higher impact towards Q3 and Q4. Just wanted to get a sense that, is that how you're looking at it going ahead right now?





- Gaurav Negi:** That's right. And that's what is reflected in the Q2 results that you would see. So between the prior Q1 employee cost versus what you see in Q2. That elements of cost are coming.
- Sunil Wadhwa:** Q2 should repeat in Q3.
- Gaurav Negi:** So Q2 is going to be more reflective of what Q3 and Q4 are going to be.
- Moderator:** Thank you. We take the next question from the line of Sujeet Jain from HDFC Securities. Please go ahead.
- Sujeet Jain:** You spoke about railways opportunity, the contract of GE for the locomotive diesel engines in India and there are media reports of getting reworked and negotiations would be on with government. A, do we have any business from that entity to us? B, there is another contract to Alstom for electric locomotives, do we have any contracts with that entity? And C, globally GE Industrial Solutions business has been sold to ABB. So do we lose out some potential business because of that global arrangement?
- Sunil Wadhwa:** We will not have any business from either Alstom for GE locomotives, if at all, they will be all from railways as for electrification is concerned. And the industrial solutions part, anyway it is not a part of our company.
- Sujeet Jain:** Okay. So as of now railways is what percentage of our business roughly? And what kind of growth rates are there in railways business and what kind of opportunity we address in railways business?
- Sandeep Zanzaria:** So presently in our order book we don't have any substantial numbers from railways, it is very minuscule. And that too only some product orders we have, which we have taken from EPCs. So we are looking towards analyzing the situation about how the railway market is opening up and then we'll see, we'll take a call according to our position and strength.
- Sujeet Jain:** But we have done business for railways in the past.
- Sandeep Zanzaria:** Yes.
- Sujeet Jain:** Okay. And one last question is about this recent announcement of sale of global financial shared business to GE India industrial Private Limited. Are there any entities in India of GE, which could be in some business competing with us that is in private domain?
- Gaurav Negi:** No there is no entity, which is competing with us because what got sold was a non-core area as was mentioned in the disclosure. It was largely to do with shared services operations that we had



from an accounting standpoint, which is, I would say, very small portion. But beyond that there are many legal entities of GE, but none of them are competing with us.

**Sujeet Jain:** Certainly. Thank you.

**Moderator:** Thank you. We take the next question from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

**Bhavin Vithlani:** Couple of questions, one is we have been observing from the industry that PGCIL is now specifically looking at GIS domestic manufacturing in its tight earnest which was not so earlier. So are we seeing some benefits of that specifically, if you can talk about the newer the next-gen products like gas insulated substation and some of the automation related products like SVCs and STATCOMs where we had earlier highlighted this could be a big growth area. Second, on the exports front, if you can highlight what is the share of exports in the business and what has been the growth first half? And over a next 3 to 5 year basis how do we look at exports as a growth opportunity?

**Sandeep Zanzaria:** So I think from the GIS standpoint the call rate qualification or the requirement for the local product has been consistent for last two years. And definitely yes, being the local manufacturer I would say that it's a fair play for us, that is one aspect of it. Second as far as automation like STATCOM and SVCs, so in the recent past not many tenders which have been floated by Power Grid. But we expect that with the growth of renewable in the country, this trend should pick up. But still it has not picked up as it was expected.

**Bhavin Vithlani:** Could you highlight how large the SVCs and STATCOM markets could be, maybe if you're saying tenders are not there now, but maybe a year down the line, how large this market could be?

**Sandeep Zanzaria:** This we are actually analyzing, but this will also depend upon the type of solar capacity coming in each regions and the reactive power requirement. So these tenders are basically decided after the studies are conducted. So, I think still the tenders will come only once the ratings will get finalized. So that is still I think an activity to be done at the central planning level or Power Grid level. So it will be difficult to project a number now.

**Bhavin Vithlani:** Sure. And on exports if you could give some color with the share of business currently and growth rates in first half and how do we see over 3 to 5 year business?

**Gaurav Negi:** So the export continues to remain around 10% to 12% of our overall sales. Again our overall top line improving, so our endeavor is to keep that percentage at least intact. But I'll not be able to give you a 3 to 5 year outlook.



- Bhavin Vithlani:** Okay. Because earlier we were highlighting that, I mean, there is a strategy that India could be used as a base for Middle East Africa as has been happening with the other multinationals. Any thought process around that?
- Gaurav Negi:** So that's very much is intact and that's why I am saying, as our top line increases, our overall exports is also increasing as a result the percentage continues to be around at 10% to 12%. Beyond that, as far as, Middle East and Africa is concerned, we continue to monitor, we try to explore newer opportunities over there, but nothing substantial to share right now.
- Moderator:** Thank you. We take the next question from the line of Sudhir Beda from Right Time Consultancy Pvt. Ltd. Please go ahead.
- Sudhir Beda:** Sir, just want to ask, why the order intake in these, particular the second quarter is much lower than what it was in the second quarter last year. And what could be the order intake you are looking in the third and fourth quarter?
- Sandeep Zanzaria:** So, last year we had some exceptional orders, which in the second quarter we had got it from Power Grid. And this year Power Grid market being low, possibly that's why the order intake is less. But in order to have a good order backlog, if you look at the complete first six months, we have grown it by about 13% with the balance coming from the private customers in power gen like Doosan and all.
- Sudhir Beda:** Yes, and what's the outlook on the order intact in the third and fourth, in the second half of this year.
- Sandeep Zanzaria:** So we continue to work to keep the momentum going what we have attained for the first half. But the market is quite challenging. So that's why it's difficult to project the number as of now.
- Sudhir Beda:** But we will continue to grow what we have grown like in the first quarter as far as order intake is concerned.
- Gaurav Negi:** That will definitely be the endeavor.
- Sudhir Beda:** And again, this, what kind of margin is sustainable as we are looking to increase the turnover in third and fourth. Whether we are looking to increase the margin, what we done in the first half?
- Gaurav Negi:** So again, we want to get the maximum amount from a margin standpoint, but like we mentioned, the questions that are also being put in terms of some of the competition putting up their factories, there is definitely a margin pressure, because of the pricing that we are seeing. That's all we can say. We will continue to assess the market and see what kind of pricing levels we are able to get in the future orders.



**Moderator:** Thank you. We take the next question from the line of Ankur Sharma from Motilal Oswal Securities Limited. Please go ahead.

**Ankur Sharma:** First on the balance sheet where we have seen a significant improvement, both in the debtor days and also on the debt side. So A, what's driving that and can we see this sustain at these levels going forward?

**Gaurav Negi:** So that was actually a question from Ms. Baid also earlier. So cash has definitely been one of the focus areas. If you see for the past 4 quarters, our loan balances had climbed up significantly. And consistently over the last few calls, we have been expressing that our focus has been towards collection of some of the aged receivables that we have been struggling with. So we have been successful to a large extent. We have managed to bring down the loan balances, which has come down to 300 crores, which at one time was closer to 800 crores and 900 crores. So, the focus is there across the organization. We are working towards further bringing this down. And hopefully it's going to be sustainable, because we do not foresee or we do not want the balances to grow on the receivable side now.

**Ankur Sharma:** And is it fair to assume that there are no sticky debtors here, or if you're going to highlight any specific percentage out of your total receivables, which is either delayed or where you think recoveries could be an issue.

**Gaurav Negi:** We do have, and we made provisions around some of those. So within the receivables balance that you've seen, there are some sticky debtors that we have. But we continue to work with them to find a resolution so that the balances can be settled.

**Ankur Sharma:** And these are mostly from the private sector side, I would assume, right. Is that correct?

**Gaurav Negi:** It's a mix.

**Ankur Sharma:** Okay. And sir secondly, just from a slightly longer time-frame, so while Q2 did see a decline in orders and we understand Power Grid orderings been weak over the past six months. From maybe a two-year perspective, we are given to understand that Power Grid ordering is largely done, at least on the intrastate side ordering will slow down going into the next two years. You've been talking about a pickup in state. But the concern really is that, can the states make up for a slowdown in overall central level ordering. So what's your view there in terms of growing our orders over the next 1 to 2 years, please?

**Sandeep Zanzaria:** I think the orders from the state is going to grow at a sustainable level because of two what we have already said that for Saubhagya to expand, state investment in transmission also needs to come in, that is one. And we see a lot of investment after the renewable, so whatever Power Grid green corridors have been planned, so to take that power into the state, there is a requirement of state infrastructure to grow and we are reading the reports of many states where they have



planned a good amount of investment in transmission sector for next one to two years. So this is something which we are seeing as a sustainable areas for at least one to two years.

**Ankur Sharma:** And in your view, that should make up for any slowdown on the Power Grid side, is that assessment correct?

**Sandeep Zanzaria:** So Power Grid in a way, if you look at the Power Grid market which was earlier has actually moved to tariff based competitive bidding. So when we say Power Grid market has gone, it's kind of replaced by TBCB. So there are opportunities in there as well to offset the Power Grid market.

**Ankur Sharma:** Okay. And sir just a last question on the order book. Would it be possible to break that out into Power Grid, states, private and industrial?

**Gaurav Negi:** So around 35% to 40% would be PGCIL another 30%, 35% is going to be the states, and the remaining is going to be private.

**Moderator:** Thank you. We take the next question from the line of Mayur Patel from DSP Blackrock. Please go ahead.

**Mayur Patel:** Just have two question. One related to the, you know the question is same, which Ankur was asking. So the commentary where Power Grid despite a 70% decline in order tendering by Power Grid in the first half, still going forward instead of looking at pickup or rebound in second half, there talking about slightly more bearish kind of commentary or rather that there is no such strong reasons to expect a very strong rebound in Power Grid ordering. Given that, you mentioned that TBCB, which is definitely a fact, but sir, do you think that currently the TBCB has a percentage of the total T&D ordering is picking up, but still a small base, that and state already struggling though the intent is improving. But the balance sheets are not improving at the same pace to catch up with the intent. Then is it possible to still be optimistic on the order inflow outlook or do you think that it will come, so it will gradually pick up over next two years' time.

**Sandeep Zanzaria:** So, I think that's what we said that definitely TBCB market is not able to replace the complete Power Grid market. That I agree, but when we talk about state heads, Sunil has already said, that the transmission projects which are coming from state are not too much dependent on state balance sheet, but many of the states like UP, Himachal, many states like Tamil Nadu and all, they are actually going for PFC, REC, ADB and other type of fundings. And looking into the reports, which are coming from the transmission side of the states, the outlook is much better than what we have seen for the last year. So at least, if not the complete, at least some part of the market is getting replaced by the state today.



- Mayur Patel:** So can you give some idea that the last three quarters, the order inflow, has the state proportion improved materially in the overall order inflow trajectory? Are we already seeing that offtake happening in our mix?
- Sandeep Zanzaria:** Yes, so that we are seeing in the happening in the order intake which is coming. And also, that's what we said that, with the reduction in Power Grid order intake happening, so we are focusing on two segments, which is state and second would be the power Gencos. So that's what you see a result of Doosan and BGR orders this year. So that's a clear focus area.
- Mayur Patel:** Okay. Sir, just last question. So this state ordering is also happening on a reverse auction basis?
- Sunil Wadhwa:** No.
- Sandeep Zanzaria:** Only for maybe one or two states, but other states it is all on like the tender opening result basis only.
- Mayur Patel:** Okay. So the last question is, this quarters gross margins were very encouraging. So should we assume that these levels, 37%, 38% would sustain going forward?
- Gaurav Negi:** So like we said, probably you can look at the first half performance, which is around 32, 33. That's what we are working towards.
- Moderator:** Thank you. We take the next question from the line of Manish Goel from Enam Holdings. Please go ahead.
- Manish Goel:** Sir on the question, this is pertaining to states. So now with market shifting from say PGCIL central utility to various states, how does the order or tendering change in terms of the size of the orders or in terms of ability to or competitive intensity. And also like in PGCIL case we probably would have seen that orders were pertaining to say large transformers say 765 KVA, which may probably while states are ordering it maybe for say 400 KVA or 220 KVA, so how does the dynamics change sir?
- Sandeep Zanzaria:** So in this case what's happening is that, Power Grid earlier when they were tendering they used to buy substation packages separately and transformers separately. But in states most of the tender transformers are still part of the package. So looking at the package wise we don't find much of a difference between state and center and 765 KV opportunities also we see coming from state sector and also from power-gen sector. So some part of 765 KV will get replaced in either TBCB or power Gencos or also in some states.
- Manish Goel:** Okay. And sir, on the bidding side now, earlier you probably had to bid with one agency that is PGCIL, but now with so many different states and every probably state would have a different criteria on the bidding, so how do you see that? Is that a big challenge?



- Sandeep Zanzaria:** So we are quite an old and established company with practically presence across the country and the projects are also going across the country. And we have a working experience with most of the utilities in the country. So that is not a challenge for us.
- Moderator:** Thank you. We take the next question from the line of Rishitesh Bhagat from LIC Mutual Fund. Please go ahead.
- Rishitesh Bhagat:** Just one question, on the scope of work we do on the solar side, if you can highlight on that. And b, is there any impact on the say contract pricing on prices in due to this aggressive pricing that we are seeing in solar side on the probably equipment or whatever we are supplying to the solar? That's it.
- Sandeep Zanzaria:** So, I think in this late phase mostly we are working on the AC-DC site, which is excluding the modules. So that is our forte, which is there, where we are participating in the market with other developers. And yes, definitely with the tariffs going down and competition increasing, pricing is definitely a challenge, but we are working with various developers to overcome this type of challenge.
- Sunil Wadhwa:** See the price of solar has gone down as everybody knows. There were two main factors, one was the interest rate, second was the pricing modules. But definitely both of these are not what we provide. We are doing the AC side and in some cases like for example Marine Electricals, which I just mentioned, we along with our other GE companies have jointly taken up the entire project. That has shown us the break up, so the real pressure came on modules. Module prices now have again started picking up. And we see the prices of solar also slightly picked up. So to answer your question, our scope is basically on the balance of plant and the AC side.
- Moderator:** Thank you. We take the next question from the line of Renu Baid from IIFL. Please go ahead.
- Renu Baid:** A couple of questions. A, if you can help us understand what exactly is our portfolio for railway products? You mentioned that railway could be one of the key areas you're focusing. So will it be just track side equipments or are we looking something else from the rail side?
- Sunil Wadhwa:** They are actually yet to come up with the specification.
- Sandeep Zanzaria:** Yes, they have to come up with the specification. But yes, it would be track side equipments like circuit breakers and transformers and control relay panel, which is already part of our portfolio.
- Renu Baid:** Okay. And largely equipment supplies or EPC as well?
- Sandeep Zanzari:** That we will evaluate going forward.



- Renu Baid:** Sure. So, well essentially the products will be the products which you already have in the portfolio. So there would be no requirement of inducting them with modification required for IR.
- Sunil Wadhwa:** No, I don't think there will be any modification required.
- Renu Baid:** Sure. Sir second I think, I guess, from this quarter we have discontinued sharing the value of orders that we receive from different customers. So if you can help us understand, what was the mix of or the value of orders that we won this quarter from solar side? And overall, in our current order book or order inflows, what is the share of renewables and solar in the portfolio?
- Sunil Wadhwa:** From next time we can give you the overall solar value. But I think customer wise it may be difficult, we have some confidentiality issues there because they are not very large projects.
- Renu Baid:** Correct. But for this quarter inflow sir, what could be the share of solar orders? Value wise approximately, cumulative value. This quarter or for the first half even that should be fine, approximate numbers.
- Sandeep Zanzaria:** Yes, it will be close to about 15%.
- Renu Baid:** Of the order inflows received during the last two quarters cumulatively.
- Sunil Wadhwa:** I am just saying it is last quarter first, I don't have readily with me in the last two quarters. Last quarter itself there are two projects of about 15%.
- Renu Baid:** Sure. 15% of 2Q inflows.
- Sandeep Zanzaria:** Yes.
- Renu Baid:** Sure. And sir, one more thing, we did share the mix between, mix of a backlog in terms of client wise, can we try and dissect it based on products, projects and also the overall share of renewables in the backlog with automation solution.
- Sunil Wadhwa:** It is very complicated.
- Gaurav Negi:** It is that we usually don't share that.
- Renu Baid:** Sure, but products and projects would be broadly similar 50-50 or it will be more product focused?
- Gaurav Negi:** It will be 50-50 broadly.





- Renu Baid:** Sure. And I am not sure what extend can we delve on this, but do you expect any major cost rationalization actions to be announced for India and for GE T&D specific which could have implications in the Global Meet which is likely in a couple of days?
- Sunil Wadhwa:** As soon as there is any major cost initiative, it will be announced.
- Moderator:** Thank you. We take the next question from the line of Bhavin Vithlani from Axis Capital. Please go ahead.
- Bhavin Vithlani:** If you could help us what is the share of services business and how are we seeing growth of the services portfolio. And secondly, automation was an area, which was talked about, what would be the share of automation as a business?
- Gaurav Negi:** Services is going to be roughly around 5%, grid automation would be closer to a 20%.
- Bhavin Vithlani:** Okay. And also would it be possible to share like the newer gen products that have like gas insulated substation, when we had localization which came in, but we had the qualifications which took time. So now, are we up to speed on any of the qualification requirements be it 400 KV GIS or 765 KV GIS?
- Sandeep Zanzaria:** That is all completely done. 400 KV, we are qualified everywhere in the country. And 765 KV also we have few orders in hand. So we are presently now qualified for both the ranges.
- Bhavin Vithlani:** Okay. And could you give us some color of what would be GIS as a percentage of the business. And as we said, state projects are also coming up, intrastate, are you seeing a trend of within the state, a shift moving from AIS to GIS as we have seen in Power Grid?
- Sandeep Zanzaria:** So I think it is slightly difficult to give the overall GIS percentage. But definitely we are seeing, for example, not only in Power Grid, but even in states we are seeing now a shift which is happening from AIS to GIS because of two factors, one the constraint of land, which is there. And second, the price difference between AIS and GIS is not much. So most of the states are now preferring even for semi-urban areas to go for GIS.
- Bhavin Vithlani:** Okay. And how has been the competitive intensity in the GIS per state, I presume it will be lower KV rating. Is the competitive intensity lower than PGCIL?
- Sandeep Zanzaria:** No, the competitive intensity in this states is, at least in the lower voltage this is much higher, so that's part of the business.
- Bhavin Vithlani:** No, my question is only for gas insulated substation, only for GIS?
- Sandeep Zanzaria:** Yes, I am also saying for that only.



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- Bhavin Vithlani:** Okay, it is higher than PGCIL. Okay, and any view you could give us in terms of that, you could curtail costs more because historically you are highlighting about higher levels of localization. Is there further scope of optimizing cost through localization, indigenization and so that, the pressure on the pricing that we could see, would be curtailed through maintaining margins?
- Sandeep Zanzaria:** Cost optimization is a constant endeavor, so I think we keep on working on that. And definitely, it's a focus area for us going forward, and also presently also.
- Bhavin Vithlani:** Okay. So, there is more headroom to cut cost through localization even for the lower rating products.
- Sandeep Zanzaria:** So I think that is what the product experts are working on. So currently it will be very difficult to share any update on that.
- Moderator:** Thank you. Well, that was the last question. I now hand the floor over to Mr. Suneel Mishra for his closing comments.
- Suneel Mishra:** So thanks again, Janice. Thank you everyone for your active participation. We conclude today's conference call of GE T&D India Limited. In case you have any other questions, then please feel free to contact me or Mr. Anshul Madaan on the e-mail ID given on in our website. Thanks once again.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of GE T&D India Limited, formerly Alstom T&D India Limited, that concludes this conference. Thank you for joining us and you may now disconnect the lines.