



## GE T&D India Limited

(formerly ALSTOM T&D India Limited)  
L31102DL1957PLC193993

A7, Sector 65, Noida-201301  
Uttar Pradesh, India

T +91 120 4790000  
F +91 120 4790288  
[www.ge.com/in/ge-td-india-limited](http://www.ge.com/in/ge-td-india-limited)

June 21, 2018

The Secretary  
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 May 29, 2018**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on May 29, 2018 in respect of financial results for the financial year ended on March 31, 2018 (Audited) and for the quarter ended on that date.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For GE T&D India Limited

Manoj Prasad Singh  
Company Secretary



# “GE T&D India Limited Q4 FY-18 Earnings Conference Call”

**May 29, 2018**



**MANAGEMENT: MR. SUNIL WADHWA – MANAGING DIRECTOR, GE  
T&D INDIA LIMITED  
MR. GAURAV NEGI – WHOLE TIME DIRECTOR &  
CHIEF FINANCIAL OFFICER, GE T&D INDIA LIMITED  
MR. SANDEEP ZANZARIA – COMMERCIAL LEADER, GE  
T&D INDIA LIMITED  
MR. SIVAPRASAD MANIKKAPURATH – OPERATIONS  
LEADER, GE T&D INDIA LIMITED  
MR. SUNEEL MISHRA – HEAD (INVESTOR RELATIONS),  
GE T&D INDIA LIMITED**



*GE T&D India Limited  
May 29, 2018*

**Moderator:**

Ladies and gentlemen, good day and welcome to GE T&D India Limited formerly Alstom T&D India Limited Earnings Conference Call for the year ended 31 March 2018 and for the Fourth Quarter ended on that date.

As a reminder, all participants' 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 phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suneel Mishra – Head-Investor Relations, GE T&D India Limited. Thank you and over to you, sir.

**Suneel Mishra:**

Ladies and Gentlemen, good afternoon. Myself Suneel Mishra and I am looking after Investor Relations for the company. Welcome to today's conference call with GE T&D India Limited management team. We have organized this Conference Call to present Financial Results for the Year-Ended 31 March 2018 and the Fourth Quarter ended on that date.

Now let me first introduce my management team available on this call. We have with us Mr. Sunil Wadhwa, our Managing Director; Mr. Gaurav Negi – Whole Time Director & CFO. And sitting with us Mr. Sandeep Zanzaria – our Commercial Leader.

Please note that this conference call is scheduled up to 4:30 p.m. I hope you would have received the Investor Analyst Presentation and would have read the disclaimer on slide number 2. This call is also being joined by Mr. Sivaprasad who is our Operations Leader.

We will now begin with Mr. Wadhwa presenting the key highlights along with Mr. Negi. I now invite and request Mr. Wadhwa to begin. Over to, Mr. Wadhwa.

**Sunil Wadhwa:**

Good afternoon everyone. So we have given some slides so if I can quickly take you through and maybe I will start with the cash part and comments and then handover to Siva to take through the execution story for the year.

So this year we have generated free cash flow of approx. Rs. 880 crores which is the net cash generated which is roughly about 4x of our profit after tax. So this has resulted in our borrowing position as on the beginning of the year which was approx...Rs. 450 crores getting converted into a cash surplus of approx. Rs. 430 crores.

And this has been possible mainly on account of our focus on collection and retentions in the working capital management which includes the receivable and inventory and so that actually needed also for its closure when it comes to retentions and past dues has been also one of our special focus.



I will request Siva to quickly take us through some of the highlights of our execution story this year.

**Sivaprasad M:**

Good afternoon to all, Sivaprasad here. So, GE is the technology company but we are also a very good EPC organization and we believe in delivering our projects in time to our customers. The last four years we have been able to deliver about 60 projects to our utility customers and this year also and the past year also we have commissioned 60 AF and GS substations. And in this process, we have added 13 Gigawatts of power flow in to the system. That includes a few landmark projects. The first one is Pole-2 of Champa-Kurukshetra.

Champa-Kurukshetra is a two-phased project with total of 6,000 megawatts capacity. Out of this Pole-1 was commissioned in last year carrying 1,500 megawatts capacity from Champa to Kurukshetra and last financial year we have commissioned Pole-2 carrying another 1,500 megawatts of capacity in the system.

We have commissioned NTPC Darlipalli the 765 KV substation which is done in record time. We have commissioned 765 extension projects for Power Grid at various locations including Vindhyachal, Jabalpur and Raipur. 400 KV AIS and GIS projects for Sterlite in Amargarh. This is again another landmark project which has commissioned much before time under very challenging conditions and in a very difficult terrain.

I am sure that our execution will be well-appreciated by our customers.

**Sunil Wadhwa:**

In fact, this is a project where we were requested by Sterlite to deliver much before time this being in Kashmir and so instead of the last quarter of the financial year we finished this much before the onset of the winter season sometime in November end.

**Sivaprasad M:**

Absolutely and from day one it is carrying the rated power. And then we have commissioned various other projects at 400 KV levels including the Jindal Bellary. We have Tamil Nadu Transmission Corporation, Rasipalayam; CSPTCL, Chhattisgarh. We have commissioned for MSCTL in Kudus. We have commissioned Power Grid Corporation, Kanpur and another four mega engineering at Greater Noida showing wide variety of customer base, wide variety of technologies, voltage levels, all adding up to major contribution to the grid system in India. That is all on operations.

**Sunil Wadhwa:**

Broadly the composition of our order intake has undergone some change from FY17 to FY17-18. So the total Power Grid tendering has come down over the year, so out of the 30% of our total orders which came from Power Grid in the year 2016-17, we saw in 2017-18 about 6%. State Electricity Boards has been around about 15% to 18% both the years but the order intake from private sector customers has been very, very large last year also from transmission as well as generation side.



The total orders that we had in 2017-18 that we won were Rs. 3,923 crores compared to Rs. 4,308 crores in 2016-17. So that is broadly the order intake numbers. Order intake trending is given in the next slide where we see close to about Rs. 800 crores of orders every quarter in the last 3 quarters. The first quarter of the financial year was a normally high because we had all the major orders coming in from private sector companies, all were getting accumulated in one quarter itself.

When it comes to sales execution, overall for the full year we have a better number than last year. The total number that we have on sales in FY17-18 is Rs. 4,385 crores compared to 4259 crores in 2016-17. And the next slide gives the trending of sales during the respective quarters. One of the things that I would like to mention here is that there were requests from some of our customers and also, we had some execution focus which actually resulted in our quarter ending December with a very significant increase in our sales numbers to Rs. 1,438 crores compared to Rs. 870 crores in the second quarter and Rs. 1,200 crores in the first quarter of the year.

So lot of projects that we had actually planned for the full year and especially in the last quarter got closed in Q3 itself. So, it was really a timing difference from that point of view. I mentioned about the Amargarh project for example which was a Sterlite project in J&K and for reasons that we did not want to basically complete it after the winter season because vagaries of the winter season are known and also our customer was keen on getting the project delivered if possible before time which we did in December quarter.

So the other thing was that there were some solar projects, we have about 10 sites going as of now on solar projects which we are executing the balance of plant. In some of the projects which we planned in March, we were given the notice to proceed slightly later because the customer had some land issues which got resolved a little later. So right now, while all the projects are going on, some of the projects which we had planned for March have got into the June quarter.

**Gaurav Negi:**

Good Afternoon, if you go to Slide #9 that is Profit After Tax in line with the revenue that Sunil just talked about, fourth quarter came in Rs. 27.8 crores versus Rs. 46.1 crores in the same period last year. Again, on the total year basis the profit came in at Rs. 209 crores compare to a loss that we had last year of close to Rs. 87 crores. But adjusting for the one-timer that we had taken in last year the profit would have been Rs. 91.8, so it is a 2x growth that we have seen largely on account of strong execution that the team has demonstrated.

The next page is more on the fund position:

We talked about it. I think given the focus that the team had on operational execution around the cost management as well as the financial discipline that they showed, we managed to make this company a debt-free company now. So we have got a net cash balance of close to Rs. 430 crores compared to a net borrowing that we had of Rs. 446 crores in the same period last year. So, all in all a very strong performance on the cash front.



The next page which is Slide #11 is just a summary of the financials, like we mentioned the sales came in at Rs. 814 crores, total year sales was up by 3% at Rs. 4,386 crores. Operating profit was Rs. 56 crores compared to Rs. 105 crores in the 4<sup>th</sup> quarter but on a total year basis you will see the operating profit, which is EBIT is at Rs. 407 crores. Again, a substantial growth compared to the operating profit in the same period last year and then Profit After Tax for the total year was Rs. 209 crores.

If you go to the Page #12, we just wanted to demonstrate some of the improvements that we have done in our operational performance. The EBITDA margin as you will see over the last 3-year period has grown to double-digits at 11.3% this include the other income which is part of our operating income as well as the returns that we managed to generate in the business. Both in terms of Return on Equity and Return on Investments have been positive at 18.8% Return on Equity as well as Return on Investment as close to the 15%. And then like I mentioned that we are now a debt-free company and the cash generation in the year was 4x of the PAT that we delivered. So very strongly placed from a balance sheet standpoint.

And then in the last board meeting, the dividend that has been proposed which is going to be again gratified at the Shareholder Meeting is 90% of the face value which is Rs. 1.8 per share in line with our past dividend that we declared.

So with that we turn it down now to questions please.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session.

The first question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

**Sujit Jain:** I have a question on the order book. What is the split of the order book in PGCIL, SEBs and Private Sector and what was that for FY17?

**Gaurav Negi:** So our order book now has now shifted, the one that we closed in March has shifted more towards the private, so a large part of the order book close to I would say 80% is going to be private, around 6.1% is going to be PGCIL and the remainder is going to be large deal State Electricity.

**Sunil Wadhwa:** That was given on slide 4 of our presentation where we have given a comparison between 2016-17 and 2017-18. So it is more or less same for the HD boards, private has gone up and Power Grid has come down.

**Sujit Jain:** Slide 4 is about the revenues, right?

**Gaurav Negi:** No, Slide 4 is the order intake for the financial year the amount of orders that we have written in the financial year.



**Sujit Jain:** One of our earlier calls, you have spoken that we would strive to maintain margins at 7% to 8% zone. But with Power Grid order is going out and more of state and private orders coming in (a) will they be able to replenish the loss from Power Grid going forward in future (b) will they be at the margins that we had hope for?

**Sunil Wadhwa:** Basically, it is not something that we can say generally. It depends on the technology and the product even when it is private. But more or less we see that private sector projects, some of them are in negotiated basis do give us attractive margins compared to Power Grid. There is no reverse option in private sector for example. So that is one of the reasons. There is also a preference for quality in case of private sector. So the answer is generally yes.

**Sujit Jain:** I am sure that the pie is shrinking for everybody, so there would it not lead to higher competition and lesser margins? That is the question.

**Sunil Wadhwa:** Yeah, when you are comparing between Power Grid and private, my answer was to that question. So when the competition goes obviously there is a pressure on margins and that also then makes you feel that you need to look at cost structure more innovatively. So that is what is going on currently. Not only for our company I am sure it is happening elsewhere also.

**Sujit Jain:** So therefore what would be the expectation on the margins front, operating margin or EBITDA margin FY19-FY20?

**Gaurav Negi:** Again, we do not give guidances but as you have seen we have shown the trend to you which is the last 3 years trend like you also acknowledge that there is pricing pressure. Our endeavor is going to be at least the EBITDA margin should be on the high single digit side. If we are able to manage that is something that we will endeavor towards, given the market challenges that you spoke about.

**Sujit Jain:** And what kind of growth one can expect because as one can see year-on-year there is a fall in your order book and order in flows have also come down about Rs. 800 crores kind of quarterly run rate?

**Gaurav Negi:** So we do have a healthy backlog as you would have seen, so from an execution standpoint our focus is towards executing and closing out those projects both on a timely as well as most cost optimal manner. Order is definitely challenge now and that is where the focus is going to be to replenish the order book that we carry. At least for the next one-and-a-half years our order book will carry from a revenue standpoint, but our goal is towards fulfilling that order book so that we have something for beyond 2019.

**Sujit Jain:** So if you can give something on the opportunities set in the private sector and the SEBs in the order pipeline for the industry?



**Sandeep Zanzaria:** Sujit, Sandeep here. So, I think if you really look at the opportunity pipeline which is there for the state utilities it is quite a healthy pipeline today what we are seeing. We are seeing a growth of approximately 30% in the pipeline which is there from the state utility, so that is one area which is there. In addition to that there was an article recently which came out from Power Grid as well, that for the evacuation of renewable Power Grid is also preparing a plan which is going to result in lot of transmission opportunities coming out in the short term.

So I think with these types of opportunities coming up we are very sure that the opportunity pipeline is going to be replenished. So going forward in the next 6 months we will look at lot of opportunities coming out of UP, Telangana, Andhra, Kerala, so these states are coming with lot of tenders and lot of large sized tenders are expected from there.

**Sujit Jain:** Last question. So if you aggregate the demand from various states what kind of annual opportunity is there from state utilities and if you aggregate the private sector opportunity for let us say next 2 years or 3 years?

**Sandeep Zanzaria:** It is about \$1.5 billion is the approximate state market which is there.

**Sujit Jain:** That is annual, right?

**Sandeep Zanzaria:** Yes. And I am talking about only the sub-station part which excludes the transmission lines and all those things which are there. Apart from that for Private we are also looking a healthy pipeline for example there are lot of opportunities which are there in metro segment, which are there in industrial segment like for example if you look at the last quarter we have had some good successes from Hindustan Mittal Energy, also we had some good successes from HPCL Vizag.

In addition to that the renewable sector which is coming so there are lot of substitution demand which is coming which is part of the renewable evacuation of solar parks so that also is there. So difficult to put a ballpark number to that but definitely we are looking at an increased market in private sector as well.

**Moderator:** Thank you. The next question is from the line of Renu Baid from IIFL. Please go ahead.

**Renu Baid:** Good show on the balance sheet improvement side and cash flows. But I think what investors are also looking very keenly is growth in earnings. So last 12, 18 months we were sitting on a fairly strong backlog but somehow overall for a year as a whole the growth was not substantiate. So as a company are we looking at more of a volume driven growth or we are focusing more on cash earnings or just growth in profitability earnings because somewhere I think on the volume side we have not been able to scale up as expected?

**Sunil Wadhwa:** I think the growth story that we are looking at to build in future is on all the fronts that you mentioned. So we have clearly equal focus on orders, execution, margins, cash no doubt about it. When it comes to orders, I think it is a function of the total market size and the segments that





we are in. So there are some adjustments we are doing internally also as a strategy look at segments that we have not been in where you see that the market that segment is growing and I think it is a cycle. If you look at Power Grid for example it is a cyclic situation.

Recently we were informed by Power Grid that, in some decision that they are going to be now relooking at the 175 Gigawatts of renewal and the evacuation for that maybe on a nomination basis. So that is one growth area which is going to come from Power Grid side. And what I feel is that, which is also not just our feeling but also supported by everyone else who is in the sector that the pressure which is coming on the discoms and on the government up having announced that the electrification of all regions has happened.

So when the villages and the rural areas are electrified the consumers there also want connections and the speed at which new connections are being granted is going to add to the need for strengthening of the state transmission networks. And we see that in terms of the increase in the tenders which are coming from most of the states where we know that there is a gap.

I mean look at UP for example. UP has the largest mandate in terms of unconnected consumers to be connected for whatever reasons including political reasons as you all know. So and then we have also been looking at newer areas for example railways and all that now we started addressing tenders and hopefully we should get some success there also.

**Renu Baid:**

My question was also from the perspective of what are the headwinds that we are seeing on the execution end? Because when you are having an order book of almost Rs. 8,000 crores last year, the broad expectation was that continuing with the double-digit growth should not be a constraint for us but for all said and done the fourth quarter did see some slowdown in the billing range.

So from the end market perspective how are you seeing the customer readiness, the liquidity environment for you to deliver this growth on a sustained basis on from your 10% to 15% kind of growth do you think it is a little more stress on the revenue side or it is very much achievable?

**Sunil Wadhwa:**

See if you look at the full year revenue numbers, we are about 3.5% higher than last year. So when you mentioned about the last quarter that is a timing issue as I explained in the beginning itself. There were some sales which was accelerated, and the projects got completed and the milestones got completed in December compared to March. That is a sign of our acceleration in the revenue realization and booking on the execution case.

So I would therefore say that this quarter is not reflective of the future though actually we had done more work than what is booked as revenue that is all lying in the inventory and as I mentioned also there was one-off situations on some of the solar projects where our customer took some more time to get the land and deliver it to us, for us to start the work. That gets actually postponed to, I am not seeing any headwinds as far as execution and sales numbers are concerned we have enough backlog.



So backlog is not a constraint and execution speed in fact we are monitoring it much more rigorously than it was earlier. Our closure of projects has been much faster than earlier, so I do not see any headwinds per se for execution and for sales numbers.

**Renu Baid:** My second question is related to margins and profitability. So if we look as you shared that today the larger pie of our order backlog comes from private sector. So would these be covered by price variation clauses or they would essentially be fixed price because if you see beyond FY19 as CK2 gets completed, the newer more aggressive price orders will start coming for billing. So in your view can that exert pressures on the operating margins given the commodity prices the way they are heading through? Your views on this?

**Sunil Wadhwa:** We have mix of both, in the order backlog as well as in the past, so I cannot give you the exact details of what percentage it is. But generally, depends on the customer, so we have both types of contracts.

**Sandeep Zanzaria:** So I think the orders which are coming mostly from the state utilities and from Power Grid are with the, so the government customer orders are mostly with the price variation and the private orders mostly come with the fixed price component attached to it but now when Power Grid is also moving towards tariff based competitive bidding.

Then they are also looking into the tying up with various vendors for the TBCB. They are also offering it as a back to back condition like fixed price contracts. So this is a movement what we have seen difference between the government sector and the private sector.

**Renu Baid:** Do you perceive any risk on the margins when they are getting executed towards FY20, some of the recent projects or you think it is sufficiently provided for in the bidding stage itself?

**Sunil Wadhwa:** When we make a bid, we do access the risks and one of the risk obviously is whether it is a there is an execution plan or not. So we do provide adequate margins, and cushions or contingencies which are known and price variation is a known risk. We do some sort of forward projection on what the prices would be and depending on the time period it is going to take complete. Those are built into our project costing.

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

**Bhavin Vithlani:** My question is on the market. Much has been talked about. Would it be possible like you had shared that historically the size of the market for GE T&D which used to Rs. 30,000 crores to Rs. 33,000 crores? What was the size of the market in fiscal year 18 and how has that grown combination of PGCIL, private and state, you did mention private is \$1.5 billion?

**Sandeep Zanzaria:** If you are really looking at the market perspective, the overall market has not grown for the last year. It is only the segmentation which has become different like when Power Grid has gone



down, the other transmission players and there was some positive traction on the power generation segment which has picked up. So the combination has changed between the Power Grid and the State Utilities with respect to the private but the overall market remains static.

**Bhavin Vithlani:** How large would be the state utilities market like you mentioned private was \$1.5 billion?

**Sandeep Zanzaria:** Total market size was about \$3.2 billion to \$3.3 billion and the state what we are looking at about is kind of \$1 billion type of number.

**Bhavin Vithlani:** My second question is again this has been dwelled upon but some of your peers mentioned that the profitability in the state as well as the private sector is much better because PGCIL breaks the orders into nuts and bolts and whereas in state and private you get turnkey contracts so there is a lot of breathing space and get a lot of headroom to move around and profitability is better. Would you agree to that and as we see a business moving out of Power Grid, we are also seeing your margins moving up, is that a trend that we should be considering?

**Sunil Wadhwa:** Frankly I will tell you we also tried to look at but we have not been able to see a specific trend. And I think it is mostly a function of the timing of the tenders and how hungry one bidder is in terms of their factory loading or the need for their target to be met and all that. So we have seen wide variations of margins and prices within the Power Grid and also within states. So there is no definitive trend.

When it comes to private sector again it depends on which customer we are talking about. In private sector we have contracts ranging from 10% margin to 8% margin to 16%. So it all depends on how much a private customer values you and what is the kind of confidence he has and what kind of projects which we are talking about and how much is our USP in that project.

So to answer your question, it is really going to be some expert who has to look at the bidding behaviors of customers which is, I mean we got let us say sometime we are L1, sometimes somebody else is L1 and we are L2. So how does that explain the bidding behavior? But generally, I will tell you, in the case of Power Grid there is a phenomena of reverse option which sort of brings the margins down which is not the case with private and almost all State Electricity Boards.

**Bhavin Vithlani:** On the exports side we are seeing globally the markets are picking up. How do you see the export opportunity for GE T&D and if you were to put out what would be the share of exports in the orders and how do you see that spanning out over the next 2 to 3 year time frame?

**Sandeep Zanzaria:** Yes, you are right that we are seeing is lot of activity which is not picking up in Africa and all, and our company in India is poised for a good position to actually take advantage of those opportunities. So we are actually working directly with certain clients who are there and we are also working with Indian EPC companies in India who have taken orders in Africa, and other places like South East Asia and all where we are supplying and supporting them with the product



portfolio what we have. So, I think with whatever traction building up in those sectors or those geographies is positively impacting definitely our order book as well.

**Sunil Wadhwa:** And we are also seriously bidding in places like Bangladesh and Sri Lanka we recently commissioned a very prestigious project last month which was inaugurated by the President of Sri Lanka. So Sri Lanka, Bangladesh, Bhutan and Nepal are also the areas that we are concentrating on.

**Bhavin Vithlani:** And how large is the export as a percentage of orders and how do you see that trend as a share of the mix going forward?

**Gaurav Negi:** So exports usually contributes between 12% to 14% plus and again in line with the overall business growth that is the same kind of a trend we see on the exports so as a percentage we expect that to be between 12% to 14% for now

**Bhavin Vithlani:** My last question is on the working capital. We have seen a significant improvement on the working capital side which kind of drove an improvement on the cash flows. Do you believe these are now sustainable levels or what is the level of sustainable that we could expect?

**Gaurav Negi:** Again from a disciplined standpoint I think this year was good which saw the improvement in the working capital. I would not say that we are done with it yet. We still have sizeable balances from various customers which needs to be collected which are in a due category. As well as given the nature of business there is a lot of retention also, so the focus on operational stuff will continue and there will be further improvements that we will be going for on the working capital front.

**Moderator:** Thank you. The next question is from the line of Charanjit Singh from B&K Securities. Please go ahead.

**Charanjit Singh:** Actually, if you look at from a demand supply perspective while you have highlighted on the demand side that the things are looking positive but from the supply side we have seen that most of the segments with GE T&D caters to be transformers and other products segments barring maybe HVDC they tend to be like you know an oversupply scenario.

So of you can you know highlight that which product segment we might have an edge or even in the substation segment we have seen a lot of players coming in the market as more and more CAPEX is happening in the sub transmission segment? So how do you see this whole demand supply scenario panning out and our edge overall in the market?

**Sandeep Zanzaria:** I think yes you are right that with the market moving more towards the sub transmission side, definitely the competition is increasing. But apart from that also there are lots of tenders which are there on the technology side like for example on the SBC side or the TCR side and these are basically the power electronic based tenders which are there for improving the profile of the



grids. So we are expecting some traction on that side with lot of renewable capacity getting added and those are the technology side where it really creates a differentiation and where we are the technology player where we can play a good role and can differentiate in the market because then it does not fall into the run of the mill category. That is one.

Second as a segment we have practically 765 KV GIS, so we are one of the companies who have already received orders for large number of 765 KV GIS in the last year from various generation utilities. So that also gives the edge to us in the coming times, in terms of when large power plants are there, the evacuation of those will be through 765 KV systems only. So these are some of the differentiating points which we have with respect to the run of the mill contractors or the manufacturers which are there in this space.

**Charanjit Singh:**

You also highlighted about certain new areas that you are getting into like Metro railways opportunity. We have talked about state transmission market, but how large the Metro and railways market could be for us and what are the solutions which we can provide in this market? If you can please highlight that?

**Sandeep Zanzaria:**

So for example when we are seeing the expansion of Metro networks, there are lot of tenders for metro substations and electrical packages which are there, so these are basically the opportunities which are there. Apart from this the electrification of track which is happening, so we are not directly participating in the electrification but there are other products like our automation products and transformers and all which are now getting regularly supplied to this new opportunities of track electrification, so the substations which are being built contains certain part of our products as well.

**Charanjit Singh:**

From GE parent perspective how do we see because see there is also a GE store which has lot of new technologies available, there is also a concept of GE for GE program where other GE entities order out to the various entities within the group. So how does GE T&D can benefit from these larger GE as a parent can provide?

**Sunil Wadhwa:**

Obviously when you are a part of large group there is a advantage but these are all very arm's length transactions, so we have for example our own companies which are doing the scheme business, so if there is some business which comes for the electrical plant in a power generation side, we generally talk to each other and see if we can be competitive. So there is no guarantee that they will place an order and all, similarly we have no guarantee given to anyone else. We have let us say renewable business within GE.

So all that I am saying is one tries to piggyback on the other and get an advantage. And often we do that because from a customer perspective they also see that there is one group, even though there are 2 different companies but belong to same group there is better co-ordination for an overall project. So that advantage we do have in terms of other parts in the GE power system. And we have for example, inverters for solar being made by one of the GE companies. So it is easy to package the deal on these products.



- Moderator:** Thank you. The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.
- Renjith Sivaram:** Sir, just wanted to understand how much of this Champa-Kurukshetra is still pending in our order book and by FY19 do we expect the project the remaining pool 3 and pool 4 to be complete?
- Sunil Wadhwa:** Another I would say close to Rs. 400 crores to Rs. 500 crores of executions net on the largely on the CK2, that is Champa-2 project that we have. Champa-1 is largely been executed. There is probably going to be small tail left, but the big chunk is with the CK2 and it should get completed within the financial year 2018-19.
- Renjith Sivaram:** Okay and post completion do we expect some provision ride backs then we can negotiation because we had taken some provision there was some delay. So is there any possibility that we can get some ride backs from this project once its completed?
- Gaurav Negi:** I will love to but we leave that for whenever that comes to a close. But if there is anything that would be there it is going to be discussed for sure. So we will call it out when it actually happens.
- Renjith Sivaram:** And sir, how much is the solar projects in our order book and if you can help us to understand at least throw some color on how much was the slippage in the revenue in 4Q because of the solar projects?
- Gaurav Negi:** So we have got close to I think Rs. 200 crores in the backlog but the slippage I would say between Rs. 75 crores to Rs. 100 crores kind of a range. Again largely because of availability not been there in terms of what we needed to execute from the customer end.
- Renjith Sivaram:** And these are largely product orders or is it a turnkey contract?
- Gaurav Negi:** They are turnkey contracts.
- Renjith Sivaram:** And just wanted to understand like of the current order book what is the execution timeline is it a two year execution or is it a 1.5 year kind of?
- Gaurav Negi:** The execution was two year is what is we have largely on an average.
- Renjith Sivaram:** And are we confident that with Power Grid coming down in the last call you had also mentioned couple of smaller sized HVDC projects with the neighbor countries I think Bangladesh and one with Sri Lanka. So what is the progress in those two contracts which we had mentioned some Rs. 1,000 crores range about HVDC contracts we were talking about?
- Sunil Wadhwa:** There is some progress in Bangladesh. Power Grid has been appointed as the concern.



- Sandeep Zanzaria:** You would have seen in the newspaper reporting Power Grid has already signed the consultancy agreement with Power Grid Company of Bangladesh as a consultant for the HVDC project and we are expecting the new tender to be out in the next two to three months.
- Renjith Sivaram:** Okay and Sri Lanka?
- Sandeep Zanzaria:** Sri Lanka there is no movement as of now. So Sri Lanka will take some time.
- Renjith Sivaram:** Okay so apart from these two there is no major HVDC in the pipeline, right?
- Sunil Wadhwa:** Some upgrades happening in India.
- Sandeep Zanzaria:** So some upgrades are actually happening in India like for example Power Grid has lot of old projects like Vindhyachal and all. So there is an ongoing tender for upgradation of the existing HVDC projects.
- Renjith Sivaram:** And what kind of size this can be in terms of value?
- Sandeep Zanzaria:** This would be close to about Rs. 400 crores.
- Moderator:** Thank you. The next question is from the line of Deepak Agarwal from Elara Capital. Please go ahead.
- Deepak Agarwal:** This year has been very good on the private sector and as you mentioned in your opening remarks can you just help us understand how do you look the FY19 and FY20 especially from the private sector to ECB side?
- Sandeep Zanzaria:** For private sector actually, it is difficult to give a forecast for going forward because it also depends upon their winning in the market and/or their CAPEX which is getting firmed up. So it is difficult to give a forecast for the private sector pipeline.
- Deepak Agarwal:** You mentioned this included both transmission as well as the transmission component within the generating plant as well in FY18. So what would have been the generation component within this Rs. 3,100 crores of intake?
- Sandeep Zanzaria:** So I think when we say it is the private order intake so it is that there are for example a private company winning a complete EPC contract for a NTPC project and out of that when we carve out the transformers or the GIS from the AC substation packages so today I think going forward we are not very sure that which party and how much we are going to win in NTPC and things like that so difficult to give a projection for next year.
- Deepak Agarwal:** And just one clarification. I could not see the breakup of the order backlog which is there as on 31 March in the presentation. Can you help us give that?



- Gaurav Negi:** Yeah, we just there in this order.
- Deepak Agarwal:** Yeah, what is there in the slide what is the intake I think it is not the order backlog, right?
- Gaurav Negi:** You are right, but the intake is also a kind of a reflection of what the backlog is or at least what you see in FY16-17.
- Deepak Agarwal:** And my last question is taking a slightly longer-term view and we have been fairly consistent in continuously increasing our indigenization levels and getting into fully integrated manufacturing of various substation products. So what is the next technology that you plan to bring from the parent because you have been much ahead of your peers in bringing the technology in the transmission space in India? So any new technology that you are currently working on which you expect to bring in next one to two years?
- Sunil Wadhwa:** I will tell you as of now we do have more or less the entire range. One area where we are seeing more and more advanced technologies becoming relevant for India would be on the distribution side on basically the network automation, SCADA, advanced distribution management system which we have recently implemented for the two Tata companies one in Delhi, one in Mumbai. So that is one. And the second would be on the digital substation side. So these are two technologies which I think will have more relevant for India and probably next sense to scale it up.
- Sandeep Zanzaria:** So I think going forward the net range of technologies which are going to come would be more as Sunil said would be on the digital and the software side. So that is an area where we are strongly looking because ultimately at the end of the day it is going to be the various utilities in order to improve their performance would be relying more and more on the digitization and more on the software side. So that is going to be the differentiating factor going forward.
- Deepak Agarwal:** Just one clarification. When you mentioned this Solar BOP and you are using invertors from GE which is already an established player. So basically, yours is more of a just getting an order for the entire BOP and you are sourcing the inverter from the GE Global because I assume inverter is not getting manufactured in India, right? So it is getting imported and then you are just supplying it? Is that the thing?
- Sandeep Zanzaria:** So this is just a clarification that the inverters are manufactured by GE in India only.
- Deepak Agarwal:** So you are just working as kind of you are sourcing it and getting it as a part of your turnkey contract, you are just installing it, right?
- Sunil Wadhwa:** Yes. But we are not only installing inverters. We are doing the entire.
- Sandeep Zanzaria:** But actually, the complete the balance of plant.





- Deepak Agarwal:** So the transformer is of your own but the inverter you are taking it from them?
- Sandeep Zanzaria:** Yes. The transformer also actually depends upon like for example if it is bigger rating transformers in the substations associated with the plant they are ours but the smaller inverter transformers and the smaller rating of transformers those are bought out for ourselves there as of now.
- Moderator:** Thank you. The next question is from the line of Sabyasachi Mukerji from IndiaNivesh Securities. Please go ahead.
- Sabyasachi Mukerji:** Congratulations for the very good show of numbers especially on the cash generation front. I have couple of questions. On the order book front, you have around Rs. 7,000 crores plus of order book. Can you just mention some of the large orders sitting on your order book currently?
- Sandeep Zanzaria:** So it is basically Doosan we have a package of transformers and GIS. So BGR Energy we have 765 KV GIS order for North Chennai and from Sterlite we have an order for P. K. Bari which is actually building two numbers of 400 KV substations and Sterlite again we have in the Gurgaon we have 400 x 220 KV GIS substation. Apart from this for Essel we are building under TBCB Warangal project which is a 765 KV and UPPTCL so these are the major projects which we have in our backlog.
- Sabyasachi Mukerji:** So on that execution will be in the next one year of all these projects partly or?
- Sandeep Zanzaria:** So there are defined timeline for the project which are there. So some would be yes, definitely completed in one year but some would be like which are associated with generating plant might be going for a slightly longer time in fact.
- Sabyasachi Mukerji:** Secondly on the provision for doubtful debts around Rs. 89 crores have been provided for in this year as in FY18. What is your outlook in the next year?
- Gaurav Negi:** Outlook is hopefully zero, but so we are not forecasting that there is going to be right off of provisions. These are again historical ones which were kind of transactions that were done couple of years back which unfortunately are where they are. But we are still pursuing them. But we have not forecasted any further provisions. Additionally, even while taking deals there is additional diligence as well as more risk management application that we are trying to so that we do not encounter such large kind of exposures.
- Sabyasachi Mukerji:** And just one last question if I may squeeze in. This is more of a bookkeeping question that there is one item called billing in excess of revenue sitting on your other current liabilities. Could you just explain and help me understand the item?
- Gaurav Negi:** It is again given the nature of our business which is projects based the revenue recognition is supposed to happen on a milestone being achieved. In the entrant in the time the milestones not



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been achieved given the cash or the payment plan that we have with our customers we raise the bill on them. But this has not been taken to revenue yet. Those accounting if again timings between when you bill and when you account for revenue.

**Moderator:** Thank you. Ladies and Gentlemen, that was the last question. I now hand the conference over to Mr. Suneel Mishra for closing comments.

**Suneel Mishra:** Thank you everyone for your participation. We conclude today's conference call of GE T&D India Limited. In case you have any other questions, please feel free to contact me or Mr. Anshul Madaan, who is our Communications Leader on the email ID given on at our website. Thanks again.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, on behalf of GE T&D India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.