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

August 2, 2018

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI 400 001

Code No. 522275

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

Symbol: GET&D

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

Code No. 17035

Dear Sir,

Sub: **Transcript - GE T&D India Limited Earnings Call for Investors held on July 27, 2018**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on July 27, 2018 in respect of unaudited financial results for the first quarter ended on June 30, 2018.

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 Earnings Conference Call"

July 27, 2018

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

Moderator: Ladies and Gentlemen, Good Day and Welcome to the GE T&D India Limited, formerly Alstom T&D India Limited, Earnings Conference Call for the quarter ended 30th June 2018. 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 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, Mr. Mishra.

Suneel Mishra: Thank you, Lizzan. Ladies and gentlemen, good afternoon. Myself Suneel Mishra, and I am looking after Investor Relations for the company. And many of you have been in contact with me. 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 quarter ended 30th June 2018.

Now, let me first introduce my management team available on this call. We have with us Mr. Sunil Wadhwa –Managing Director, GE T&D India Limited; Mr. Gaurav Negi – Whole Time Director and CFO. We have also sitting with us Mr. Sandeep Zanzaria – our Commercial Leader, Mr. Manikkapurath Sivaprasad who is our Operations Leader, Mr. Manoj Prasad Singh is our Company Secretary, and Mr. Anshul Madaan, who is our Communications Leader.

Please note that this conference call is scheduled up to 5 PM. I hope you would have received the Investor and Analyst Presentation and read the disclaimer as per slide number two.

So, we will now begin with Mr. Wadhwa presenting the key highlights, followed up by Mr. Sandeep Zanzaria and Mr. Negi. I now invite and request Sandeep first to begin. Over to Mr. Sandeep Zanzaria.

Sandeep Zanzaria: Thank you, Sunil. Thank you, everybody. Good afternoon.

So, I think the first slide is the excellence in execution which we have achieved. Ours is quite a long-term business but in the last quarter we had certain important milestones in terms of the digital footprint what we have achieved. So, we have commissioned the first leg of the wide area monitoring system projects for Power Grid, which is basically WAM. And this is a all India project where we have already installed 1,184 Phasor Measurement Units with 34 control centers across India. And the connection of approximately 350 all the major substations, whether they are large generating substations or state transmission substations or Power Grid substations, they are being connected on this system. This is basically one of the most advanced technology and this type of project has been executed first time on this large scale globally. This basically compels the phase angle differences, and with the phase angle in balance we are able to actually with the lot of analytics which are working under back site of the project there is a strong forecasting which is done in terms of any disturbances which are projected to happen in the system, and also the corrective action which can take place. So, this is something which is I think most ultra modern technology installed by GE across the world. And this is something where we are actually trying to replicate this to other parts of the country as well.

Apart from this we have commissioned the national load dispatch center, or the national system control center for Sri Lanka. So, this project we have completed for CEB, Ceylon Electricity Board. So, after completion of this project now the national load dispatch center or the control center for India, Bangladesh, Bhutan, Sri Lanka, everything has a GE footprint. with this control center has some advanced features like short-term and long-term forecasting. And along with this what the utility is able to do is that the natural resources optimization that is based on the loads which are coming we are able to control the generators which are linked to the control centers, so the power flow of the generators can be adjusted sitting in the control room itself. So, that is also a quite upscale technology and we are proud to have commissioned on time and this was inaugurated by President of Sri Lanka who had inaugurated this facility in Colombo.

Apart from this, we have commissioned the advance distribution management in collaboration with Tata Power Delhi. So, the NDPL Delhi which is there where we have 7 million people residing and basically the peak load is about 1,850 megawatts which flows through the system. So, normal distribution systems have SCADA which are installed but this is apart from the SCADA there is an outage management system also which is involved. Another aspect of this is that the distribution network we know changes rapidly, for example the assets are added, or the customers are added. So, in this case with the Tata Power what we have done is that along with the SCADA the complete GIS mapping has also been done. So, any new consumer or asset which comes into this system is actually mapped on a GIS and then linked to the SCADA. So, as soon as they are mapped on the GIS and linked to the SCADA the complete power flow on the SCADA and the actual consumer gets integrated on a very real time model. So, any new customers which are getting added also actually get added on the SCADA at the same time, and it is not that when the upgrades will happen and things like that, then only they will get integrated. And another feature is that, in case of any fault or anything, the nearest crew which is there, the maintenance crew gets an immediate alert and the outage time becomes minimum which is probably the requirement today for the distribution companies to excel as far as their customers' expectation is concerned.

Apart from that we have also commissioned many substations and also some major Power Grid transformer projects which is at various substations like Khammam, Warangal, Gooty have been completed. Like we have been discussing in the last call the two projects of Essel for 40 megawatts for the solar project have commissioned at Badaun and Padampur. So, I think in all it was an excellent quarter I would say in terms of execution where a lot of first were achieved by us in completing such complex technology projects for our key customers.

Sunil Wadhwa: Nothing really to add, besides a point just to summarize that, excellent quarter in terms of achieving many firsts. And we are very excited by having done these prestigious projects for

PGCIL, Sri Lanka, and Tata Power DBS. So, I think without wasting too much of time maybe we can go into the numbers. Sandeep, probably you can take, and then Gaurav on financials, and then we look at Q&A.

Sandeep Zanzaria: So, I think order intake, if you really look at the order intake, so as we know from the market there is a shift in the market. Like for example, last year we had a fantastic order on the back of TBCB, that is tariff based competitive bidding, and also on thermal power generation. This year we are looking at a slowdown in TBCB and thermal power generation, but we have done better than the last year what we did for the utilities, which is Power Grid and state utilities put together. Based on the renewable which is now getting added, so government has already planned a large amount of investment, we are looking at about $800 million of investments which is expected in next two years through tariff based competitive bidding. This will be the renewal capacity which is now getting added. This will be now used for the evacuation of the renewable capacity. And the first tender for this on nomination basis through Power Grid has already come for 765 KV, balance projects are all lined up for 2019, so we expect an upturn in the market to happen in 2019 or going forward probably from next quarter onwards we are looking at an upturn of the market happening for more higher voltage projects and products.

Gaurav Negi: So, I will take over from Sandeep. So, going into the next page we will quickly get the financial highlights. So, page #5 is the sales execution. As you can see from the chart we did close to Rs. 1,162 crores compared to the Rs. 1,263 crores of revenue. Excluding the excise duty this could be a slight decline in terms of 4% down from last year. But if one was to carve out the HVDC element, because we had a big chunk of HVDC that we executed last year same quarter, it is an overall growth of 11%, and this goes back to the execution excellence that Sandeep talked about.

The next page is the profit page. Overall a very strong quarter, Rs. 82 crores of PAT that we were able to achieve compared to the Rs. 62 crores. We had some favorable impact coming from write-back provisions in these numbers. As well as given the high number of projects that we were able to close out, there were some risk provision releases that drove the overall PAT number to Rs. 82 crores.

Finally, just to sum it up in terms of summary, next slide page #7. Sales, we talked about, slightly down 4%, but overall positive revenue excluding the HVDC. EBITDA and EBIT is coming at 12% and profit after tax at 7.1%. So, overall a good story in terms of profitability for this quarter.

With that, we will turn it over for questions, please.

Moderator: Thank you. Ladies & gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: Of the three projects that you have spoken on slide #1, could you give the quantum of the project, the total project value? And were these automation projects?

Sandeep Zanzaria: So, if you add up all three this is Rs. 400 crores for the ones that you mentioned.

Sujit Jain: And these would be automation projects, right?

Sandeep Zanzaria: Software solutions and automation.

Sujit Jain: So, therefore what would be the average execution period here?

Sandeep Zanzaria: Average execution period would be close to about 2 – 2.5 years for these projects.

Sujit Jain: And these would have been completed, right, by now?

Sandeep Zanzaria: So, the Tata projects and Sri Lanka are completed, more or less in the closing stage. Whereas the Power Grid the first leg has been completed but still some part of the project still needs to be completed, because that requires a lot of shutdown activities and integration with the existing plants.

Sujit Jain: What would be the kind of margins we would be earning here?

Gaurav Negi: We will not be able to disclose that.

Sujit Jain: But would they be substantially higher than the traditional T&D business?

Gaurav Negi: Yes, it would be.

Sujit Jain: And in terms of inflows could you break the inflows of utilities between PGCIL and state utilities of the Rs. 330 crores, including that in the base?

Gaurav Negi: This time PGCIL is lower and SEBs are higher.

Sujit Jain: Can you quantify that?

Gaurav Negi: PGCIL will be closer to Rs. 60 crores and SEB going to be closer to Rs. 270 crores, which will add up to the Rs. 350 crores that you see.

Sujit Jain: And the power evacuation project for solar that you spoke about just now on nomination basis to PGCIL, 765 KV, what was the order size for PGCIL?

Sandeep Zanzaria: That we will not be able to comment because Power Grid order includes transmission lines and complete evacuation part. So, what we normally track is the substation business.

Sujit Jain: So, therefore, what would be the opportunity like, you said $800 million in 2019 for us to play?

Sandeep Zanzaria: That is $800 million in about substation business, maybe in not exactly one year but we are looking at a timeline of 1 – 1.5 years, but that is mostly the substation play and not the lines included.

Sujit Jain: And you have spoken about IndAS 115, so is the understanding correct that compared to the percentage completion method this new method would be a more conservative way of booking revenues?

Gaurav Negi: I would not call it conservative, but I will call it a little more realistic, because as you incur cost you go along recognizing revenue. Earlier you used to tapper it unless the milestone was achieved, despite the fact that you were incurring the cost. So, it is more a cost to cost now versus what earlier it was more a milestone based.

Sujit Jain: So, basically would the revenues be accelerated or decelerated under the new method?

Gaurav Negi: It depends on milestone. Again, it will be difficult to comment on that, there is no acceleration or deceleration, it is something where you are incurring the cost and you are recognizing revenue, whereas earlier you used to wait for a particular milestone.

Sunil Wadhwa: Those milestones are contractual milestones, so in some cases contractual milestones may have given you higher revenue than what you actually pro-rata incurred.

Moderator: Thank you. Next question is from the line of Jonas Bhutta from PhillipCapital. Please go ahead.

Jonas Bhutta: A couple of questions. Firstly, on the order inflow the run rate this quarter is about Rs. 600-odd crores against the last three quarters' odd that we have seen about Rs. 750 crores – Rs. 800 crores. So, obviously you did mention that you expect some bit of a pickup in the coming quarter from PGCIL but is this is the new normal in that sense given that the factor in the slowdown of PGCIL ordering or the flattening of PGCIL ordering and the states actually not picking up. So, is Rs. 600 crores a quarter the new normal?

Sandeep Zanzaria: I would not say that it is the new normal because if we really look at the state sector the state sector has done better than last year. Example, if I really look at the order intake also it is practically not double but we have seen a growth of approximately 60% - 70% in the state sector. The major shift in the order has come from tariff based competitive bidding orders, which we are expecting to revise in next one to two quarters. So, I would say that maybe in another one quarter itself we should be able to go back to the normal order intake which is higher than these numbers.

Jonas Bhutta: So, you are talking of a pickup both in Power Grid, so TBCB projects which have been nominated to Power Grid, there is no new private sector that has come in and doing CAPEX, because I do not recollect private sector getting TBCB orders in the recent past.

Sandeep Zanzaria: So, what we have seen is that the tariff based competitive bidding for the developers have already started. For example, in August we are seeing two large packages of Jharkhand going in. Then in September there is another two large packages of Jharkhand, and apart from that for the renewable evacuation we understand that there is a host of projects which have been identified which is going to practically start coming for the developers in this quarter, by the quarter end they would be out. So, we would see the ordering on the developers by December or by January, so they will be available in the market for the EPC players in the quarter four of this year.

Jonas Bhutta: And my last bit on the order inflow before I move on to the other question, with the solar based evacuation projects coming up would that also necessitate these grid stability products which the ordering for which again had slowed down in the past two years. And given that it is going to again be renewable heavy, does that $800 million substation opportunity include these grid stability product opportunity as well?

Sandeep Zanzaria: So, I will comment it into two parts. One is that with the Government of India going for higher size of solar projects or maybe wind projects of maybe 500 megawatts, 1 gigawatt and all, this will open an additional opportunity of basically substation of maybe 400 KV and all coming as part of the solar park which is being developed by solar park developer or the solar generator installers, that is an additional opportunity which is coming up. Second, on the compensation side which you are asking for the grid stability and all, we are seeing some opportunity in the coming years but that will be coming mostly from the state sector and not from Power Grid. But we understand by our interactions with state utilities that in order for grid stability they are planning for some compensation projects next year.

Jonas Bhutta: Which would these states be, sir?

Sandeep Zanzaria: These would be mostly I think Rajasthan, Maharashtra, presently they are discussing with Maharashtra and Rajasthan.

Jonas Bhutta: My next question was on the provision write-back, could you just quantify the impact of that on our first quarter results and where is that number housed, because we have seen a sharp decline in other income which earlier used to be where that quantum used to sit. So, could you just help us with that?

Gaurav Negi: So, the write-back is close to Rs. 14 crores and it is sitting in the other income line. And going forward the other income line is going to be more reflective of what is truly other income, because as given in the note to the regulation 33 that we had released, we shifted our discounting methodology for retention, so that is a shift we are doing. Earlier the other income used to have the retention related discounting impact used to come, you will not see that going forward. So, whatever now comes up in the other income is going to be truly the other income element.

Jonas Bhutta: So, now that gets netted off in the other expenses going forward?

Gaurav Negi: Earlier the retention element was sitting in the revenue, so it used to get net, there was offset to the other income related to retention that you saw in other income, it was actually in the revenue line. Going forward you will not seeing because we will not be discounting retention as per new guidance.

Jonas Bhutta: And lastly on the margins, because we have done phenomenally well on the margins and particularly with the gross margin going up, is this what project closure cost have lead to or what has lead to this gross margin expansion?

Gaurav Negi: So, I think gross margin you will find more or less in line overall with the performance that we had last year same quarter. But we did have project related close outs which was also leading to some releases, again they are operational in nature, I hope we do get more with more projects we do keep getting those upsides. But these were slightly on the higher side, which was a positive from a business standpoint..

Jonas Bhutta: Can you quantify those, as in how much delta out swing would have they provided you?

Gaurav Negi: They have given us close to Rs. 20 crores - Rs. 25 crores across the board.

Jonas Bhutta: And you expect this trend, not trend but more project closures during the course of the year versus new project starts?

Gaurav Negi: Honestly speaking, these are very project specific, so I hope we keep getting those. But these are relative project specifics, we were closely monitoring, we do monitor the others. And endeavor is to maximize on those margins. But I can only comment on what we have managed to close and we will continue to push for similar kind of outcomes for the other project that we continue to close.

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

Renu Baid: A couple of questions from my end. First, under the 115 adjustments that we have done directly in the opening reserves, will it be possible to quantify what could have been the proportionate revenues which were adjusted directly in the opening reserves as profit share? It will help us to reconcile the order backlog execution numbers, essentially from that side.

Gaurav Negi: It will be close to Rs. 40 crores of IndAS 115 related revenue adjustments.

Renu Baid: The proportionate revenue which is not reflected in P&L is only up to Rs. 40 crores?

Gaurav Negi: That is right.

Renu Baid: Second would be, if you see overall inflow numbers have been weak for the last three, four quarters. Can we help quantify what could be the pipeline of our addressable projects for the coming three to four quarters, because I guess that would be important to understand how the revenue visibility we have built up for financial year 2020 for us. So, if you can help us quantify projects which are there in pipeline or in the tendering stage for us?

Sandeep Zanzaria: So, I would say in the last six months what we have seen the market for us realized approximately about $1.2 billion to $1.3 billion. But going forward in next six months we see this realization going up till at least $1.8 billion to $1.9 billion. So, that is the jump what we are looking in terms of addressable market or the pipeline for the coming six months.

Renu Baid: And with respect to the HVDC project what could be the update with respect to the percentage the entire project CK2 what proportion is still pending in the backlog for us?

Sandeep Zanzaria: Roughly close to Rs. 350 crores is still pending that needs to be executed.

Renu Baid: And it would be broadly built in the current financial year itself?

Sandeep Zanzaria: Yes, in the company financial year.

Renu Baid: And sir my last element here is in terms of backlog if you see overall, we did mention that we would want to increase the share of renewable. So, how is that building up, as in what proportion of the orders today are coming in from the renewable space? And in the pipeline numbers which you shared, does renewable form a reasonable share in that?

Sandeep Zanzaria: I would say they form a reasonable share because ultimately what is happening is that even when Power Grid is building a substation or many of the states when they are building a substation is basically evacuation of renewable parts which are there which are practically for example 200 megawatts, 500 megawatts or 1 gigawatt parks which are there. So, even our conventional businesses, ultimately the transmission business is for evacuation of power or transmission of power from one point to the other point. So, it is basically as the renewable capacity is getting increased into system, so whatever new opportunities are coming, so for example if we really look at the projects coming in Gujarat, Rajasthan, so they are all related to evacuation of solar or wind power itself. So, I would say in that there is a sizable portion which is actually for renewable.

Renu Baid: And on the sidelines are we also planning for any tightening of the cost structure, in case as in given the kind of run-rate that you have seen on the order flow side. So, if business tightens up are we looking to squeeze some of the cost elements further in the coming 12 to 18 months?

Sandeep Zanzaria: So, that is a constant endeavor we have is the tightening of cost and then having a better competitive ability in the market. So, this is something which is constant process and we keep on discovering it.

Moderator: Thank you. Our next question is from the line of Subhadip Mitra from JM Financial Ltd. Please go ahead.

Subhadip Mitra: First question is with regards to the gross margins, so clearly, we have done very well on that. But just wanted to get a sense that are we expecting the gross margin numbers to largely remain at the current levels? Because if I look at last year's numbers also we tend to have some good quarters and some not so good quarters in terms of gross margins as well. So, how do you see that number panning out?

Gaurav Negi: Well, the endeavor is to keep the gross margins at those levels. But we do have at times mix issues that we have to deal with. Given it is a mix of portfolios I think this quarter turned out to be well from a project execution as well as close up standpoint. There are some quarters where we do have some projects that go a little bit of drag that comes on those. So, endeavor, again, gross margins to be kept at the current levels. But what our suggestion would be to be measured more on a longish kind of a window which is more a financial year would be a better representation than just a quarter.

Subhadip Mitra: So, I think another way of asking the same question is, if I look at your last year FY18 gross margin number, indicatively we would be looking at a similar gross margin number for the full year?

Gaurav Negi: That is right. And we have communicated that earlier also. So, on a total year basis yes that is what the number is.

Subhadip Mitra: Secondly, a slight bit more color on the macro picture. I think in the last few answers that you have given you have discussed a plethora of opportunities across future HVDC projects that might come up, some portion on renewable and others. Is there anyway of quantifying how much of this component might come from future HVDC projects, how much are you looking at coming in from renewable over the next one to two-year period?

Sunil Wadhwa: Actually, not very easy to quantify how much will come from renewables, because that is something even the planners are not clear today about how much will come. But all we know is how much power has to be generated in addition to what is today's capacity, and which will lead to acquisition. So, the more of capacity addition comes from renewable to that extent the higher is the transmission capacity requirement, because the PLFs of renewables are almost 2.5 times less than thermal and gas. So, the way things are moving there is definitely nothing more on gas, hardly anything more on thermal and we are all looking at more and more of renewables. So, from that angle I think we see maybe slightly higher than the planned expenditure on spend on transmission. On a macro level based on slightly less than 175 gigawatts of renewable by 2022, I do not exactly remember the number, the CEA came up with a bottoms-up plan which was more like an approval than a plan, of a 35 billion spend between 2017 to 2022, this is the current five year plan. Of which about 50% is on substations. And we are therefore seeing somewhere around $3.5 billion of addressable market for our business. And our assessment has been that the actual spends in the last ten years have been more or less as per the plan which is what we seen even in the current year, despite the utility spend in the H1 being slightly lower than last year we are seeing the pipeline from the utility and from Power Grid together around the same level higher than the last year's H2, which in fact for us H2 of financial year. So, if you look at even the last quarter of this current financial year. So, what we are seeing is overall the same stable market in the transmission spend, a shift more towards renewable. And what just now Sandeep mentioned, there is a recent thinking which has been reflected in the regulations that any project seeking a renewal evacuation at 220 KV level would have to be minimum size 300 megawatts, even if the project is less than 300 megawatts they will have to build a substation of 300 megawatts. So, we are seeing therefore renewables now requiring high voltage evacuation more and more. And the trend also is showing that there are projects of larger size brining up economies of scale and also high voltage level evacuation is an added advantage for us. Yes, there is a reduction and the thermal market, but as I said, that is getting compensate by the renewable side. Now, I would not be able to venture into how much will renewable add vis-à-vis how much is the reduction on account of thermal, but what we are looking at really is we are agnostic to what fuel source is being transported through the lines that connect to other substations. So, for us the overall market is important.

Subhadip Mitra: Just to get a sense, anything further on the HVDC part of it, I thought I heard you mention that some more HVDC lines are expected to come up next year.

Sunil Wadhwa: There are some refurbishment projects from Power Grid, we see that. And also, what I understand is that there are these large solar parks being considered, one of them for example in Leh-Ladhak which might actually need a HVDC link. There are also projects coming up in Bangladesh, one of them is actually being constructed by Power Grid Corporation of India for transfer of power from India to Bangladesh, that is a 500 megawatts project called Comilla, it is a public information. And that will go from 500 megawatts to 1000 megawatts going forward. So, we see that and some talk about in HVDC link for Sri Lanka is also being initiated recently by PGCL, so they will probably act as a consultant, but this project will eventually come up, it might be another two years down the road.

Subhadip Mitra: So, while Sri Lanka maybe two years down the line, the other ones that you mentioned on the HVDC side those are you expecting to come in FY19 or in FY20?

Sunil Wadhwa: I think the Bangladesh one might actually get ordered before March this year, because the tender is going to be floated sometime in September, this is the information that we have from the market. And it might get ordered by March, if not March then Q1 of the next financial year.

Subhadip Mitra: And lastly, the TBCB market recovery that you were talking about, so these are essentially new projects that will go out on TBCB where you are expecting the bidding to start next quarter and hence it should start coming into our addressable market say by end of the year, am I right in understanding that?

Sunil Wadhwa: Let me also tell you why there was a lull as far as our understanding of the market is concerned. There was really a little bit of discussion around these strategies that the government should take, or the states should have on the solar piece. And if you recall there was a inter-state evacuation of solar power exempt up to June of 2017 and there was no clarity whether this exemption will continue beyond that, or has it been extended by four years. But it was extended very close to June 2017. Now, with that happening states which are buying power from other states, the solar power would not have to incur the transmission charges from one state to another. Secondly, from a planning perspective whatever lands were available near the substations of Power Grid or the STUs which had some connectivity potential are almost over, I mean last year there was a total commissioning of 10 gigawatts of solar, and those were wherever you found land which was having connectivity nearby that was being bought and it was being built. Now, it is a reverse way, now the projects will have to be synchronized with the transmission infrastructure and it is for this reason that the panels were actually waiting for where would they need to enhance the transmission capability. And that scheme is now being, we are told by the planners that that is also getting approved and the overall transmission infrastructure synchronizes with where the projects will come. And there is also a list of 24 solar parks of about 1 gigawatt each which has been approved by MNRE recently. And these projects will also get some surgery from MNRE, but these are only solar parks. So, once these solar parks have been approved and the location are all now clear, the projects will therefore come up in those solar parks as a preference. And therefore, the transmission network we will have to build around those solar parks. Now, it is this clarity which is now getting converted into schemes which will come up for TBCB.

Now the question that you ask, I think there is an urgency because there are some wind developers recently we saw which did not fully subscribe to a tender of 2000 megawatts wind because they did not have land which is near the acquisition infrastructure. So, there is an urgency, so it is a guess one would make how much of it will come up for tendering within next year and how much could come, I mean a small part of that could come in this current financial year, but majorly it will be next year.

Moderator: Thank you. Our next question is from the line of Keyur Shah from Emkay Global. Please go ahead.

Keyur Shah: My questions have been answered. Thank you.

Moderator: Thank you. Our next question is from the line of Ankush Sharma from Motilal Oswal Securities. Please go ahead.

Ankur Sharma: My first question was, we are clearly seeing increase in share of states in our order flows and backlog. So, could you pleases share what has been your experience in terms of pricing, in terms of receiving money from these guys? And also, which are the key states which you are really working with at this point?

Sandeep Zanzaria: So, I would say that definitely when you are working with states, because it is the public tendering which happens so definitely there is some pressure on price which is there. But one thing which we are seeing now practically, for some time is that there is a lot of professionalism which has come during the execution of the state jobs as well. Like for example, there would be quite concern if the projects are commissioned on time and there is a lot of involvement of the top management of state sector as well to ensure that the projects are commissioned on time and the cash flow of the concerned EPC players are maintained. So, I think there is a lot of professionalism coming in and our experience with the states is improving, it is now much better as compared to probably last four, five years back. And there are a lot of opportunities from states like West Bengal, Orissa, then we have UP which is coming up, Telangana, Andhra, Himachal. At the start of this year which was the last quarter we took about three orders from Himachal. And a lot of states are also going for multilateral funding like either JSW, ADB, World Bank funded for example Jharkhand has come up with many tenders of World Bank funded projects. So, coupled with professionalism and multilateral funding, the experience is much better I would say.

Ankur Sharma: And sir in terms of competition, because I would assume the voltage levels would be lower in the case of states, maybe at the 220 KV or the 132 KV levels versus the typical 765 KV with Power Grid, I would assume the number of players would be much more specifically in transformers and substation, is that a right understanding?

Sandeep Zanzaria: So, today even states are also upgrading their substation to 400 KVs and all, because at the end of the day when Power Grid bends 765x400 KV substation the states are required to build a 400x220KV substation to connect to that. So, there are some requirements, for example, we look at Jharkhand and all, West Bengal, where there are requirements of lower voltages, but many states like for example Telangana, Andhra, UP, they are all interconnecting with Power Grid at 400 KV.

Ankur Sharma: So, just to kind of restate my question, the competitive intensity is similar to what we would have probably seen in Power Grid, how would you put it, is it worse off, is it…?

Sandeep Zanzaria: I would say it is more or less similar to Power Grid, because the number of players who are actually participating in these bids are more or less equivalent, whether it is state or Power Grid, only the players might change depending upon the location.

Sunil Wadhwa: One factor which is different also is that there is no reverse auction, except one or two states, whereas in PGCIL we have reverse auctions. That is a bit of an advantage.

Ankur Sharma: And sir just my last question would be on your interest expenses, given the fact that our debt is down to about Rs. 100 crores and I would have expected a much sharper decrease in our quarterly interest cost, we are still at about Rs. 16 crores during the quarter, so why is that so and what would you believe be the full year number on interest expenses?

Gaurav Negi: So, the interest expenses has bank charges, it has interest on advances that we receive from customer also, so those dimensions are also coming. You can do the current interest cost into four which will give you the total look. But we are still aggressively working to bring this down, we have ongoing discussions with bankers and depending on how much advance we pay as interest bearing or non-interest bearing, that would also play into this particular number.

Ankur Sharma: So, you are saying this Rs. 15-odd crores number could actually continue on a quarterly basis as well?

Gaurav Negi: Slightly lower I would say, hopefully it will keep coming down, but not to the same scale that you have seen over the last six quarters.

Moderator: Thank you. Our next question is from the line of Ashwini Kumar from Reliance Mutual Fund. Please go ahead.

Ashwini Kumar: In this situation where the domestic market is not doing as well, and turnover has been stagnating for the last few years because orders are few, what is the plan B, a company of the heritage of General Electric and with possibilities of manufacturing low cost and also getting services and exports business, what is the real plan B of the company given the situation in India today?

Sandeep Zanzaria: So, apart from the Indian market we are looking at a lot of infrastructure development in transmission space happening in neighboring countries like Bangladesh and Nepal. In addition to that, we are also working with various EPC players and also directly in the Africa market as well where we expect to gain some share as a balance.

Ashwini Kumar: No, the only question is a company of this kind of knowhow because if we look at the competition in this sector companies are using India as a base for aggressively exporting out of India, whether they export to Middle East or to the neighboring countries, or even to their parent companies. Is there a specific plan of action, because let us suppose another 12 months orders do not materialize what is the real plan of action to scale up the turnover in this company, because cost cutting, working capital reduction in interest, that can take you only so far, that can help you in Rs. 15 crores of reduction in interest, Rs. 20 crores of reduction in interest. But the real thing is to grow the company, so what is that strategic intent after GE has come in, that is what I want to understand.

Sunil Wadhwa: See, cost is a big lever around that and in every product line we are looking at cost-out as one of our key success factors and there is some success we are seeing there. So, that is one of the ways in which we will look at increasing multi-market share. I am not seeing any major dip in the market size on an annual basis, so the effort that we have to make is to increase our market share. There are some early successes on exports we are seeing because of these, but overall, I would say it is really becoming more cost competitive and some new product lines we are considering. It is too early to say looking at the shift in the market and our focus is increasing on those product lines which are now more in the mix as a result of the shift. So, that is what I think.

Ashwini Kumar: Sir, only disturbing thing about the part is that couple of years have gone into restructuring, improving the cost base, reducing the working capital, getting the money back, aggressive write-offs. So, here-on let's say to look into two, three years, or four years down the line, is there a clear-cut plan of expanding the size of this company? Because your parent company is certainly a large company with significant amount of technology progress. So, does that really help you? and also, you have presence in the globe, it is true that there are plants across the world you cannot just start exporting, but is there a real plan of action in this company to scale up exports in a meaningful way over a three-year timeframe, that is what I want to understand.

Sunil Wadhwa: See, basically the action plan is coming from our study of what the market environment is. Now, for example, we have been to Bangladesh and we have seen Bangladesh is one area which is within our jurisdiction, jurisdiction in the sense that this is where we can look at growth. And we see lot of opportunities in Bangladesh, that is as far as projects is concerned. As I said, we have HVDC plans about Bangladesh, there is talk going on in Bangladesh and in some circles about bringing private sector participation in to transmission business and the official plans of Bangladesh which I am seeing signs of that clearly in terms of their action is to increase the capacity from 14 gigawatts going up to 30 gigawatts in the next ten years. And the efforts being made by them in terms of tying up for generation projects and they are under pressure now if the generation projects come up, they will have to ramp up their infrastructure. Now, similarly we drew some successes in Sri Lanka when we did the load dispatch center. Whatever we have done in India is being looked at very closely by these countries, Bangladesh wants to do something like what we did for Tata Power in Delhi, in addition to the SCADA project that they had. So, we are looking at deeper feet in these markets. Bhutan is another one, though it is not a very big one but we have some presence there in terms of again load dispatch centers, we are a known party there in terms of delivering transmissions. Nepal is another example we are aggressively now bidding there also, and acceptability of India is established. In the Indian market basically we have to adjust to the market requirements. So, as I mentioned that more and more solar seems to be the fuel source going forward in terms of investments, so we are adjusting ourselves in terms of product mix offerings. Some of the product lines that we were not that much focused on the low voltage, our focus has increased, plus the exports to Africa we are seeing some early successes there. So, it is a combination of many things and looking at solar I cannot tell you too many things, but we are looking at some product offering for solar going forward.

Moderator: Thank you. Our next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

Renjith Sivaram: Just wanted to check last quarter you told there were some Rs. 80 crores to Rs. 100 crores of slippage due to some solar projects, so was that an addition which happened in this quarter or is there something pending out there?

Sunil Wadhwa: No, I do not think so, I remember what we said was that there were some projects which were planned to be executed last quarter. I do not know the number whether we mentioned 80 or 60.

Renjith Sivaram: You had mentioned in the call it was around Rs. 85 crores to Rs. 100 crores is your slippage.

Sunil Wadhwa: So, the projects which we could have executed last quarter based on our capability and readiness got slipped to this quarter because the land availability was an issue with some of those projects. So, some of these are still not yet completed, so we have not therefore fully completed all the projects that we could have completed by this quarter end, but it will be much less than Rs. 80 crores now in terms of the pendency or the execution versus the plan. But this is something which is just pushing the sales to the next quarter, it has nothing to do with we losing out anything because wherever there is a delay from the developer side it is in our interest not to push our products and supplies and just kind of load it on the project site.

Renjith Sivaram: And last quarter we mentioned Rs. 200 crores of solar projects in the order book, so how much is that currently?

Gaurav Negi: Backlog will still be close to Rs. 150 crores.

Renjith Sivaram: And just in that HVDC of Bangladesh, is it correct in our understanding that they used this VSC technology which Siemens is supplying for that Puglur HVDC and because of that will they be in an advantageous position or we also have that similar VSC kind of technology for this HVDC project in Bangladesh?

Sandeep Zanzaria: Two aspects here, we also have VSC technology, it is not that we do not have the VSC technology. But the Bangladesh project is the conventional LTC technology and not VSC technology, because this is a back to back substation from India to Bangladesh, so the conventional LTC technology will be there.

Moderator: Thank you. Our next question is from the line of Sabhyasachi Mukherjee from India Nivesh. Please go ahead.

Sabhyasachi Mukherjee: I have a couple of questions. So, the number one is regarding the order intake. I was reading your annual report published just a few days ago, a line there mentions that in the business projection the rate at which orders are being awarded may get impacted for a certain duration as the country goes for national election in 2019. And then we see that the quarterly run-rate of order inflow has dropped from Rs. 750 crores – Rs. 800 crores for the last three quarters to Rs. 600 crores this quarter. So, obviously there has been a concern for the investors like your order inflow might not be the same as FY18, if I take an annual number, in FY19 as well. So, are we looking for a de-growth in order inflow this year?

Sandeep Zanzaria: So, two things I would like to say here. One, we have a very healthy backlog of more than Rs. 6,500 crores which is there, so that is one aspect of it. Second is that definitely we are looking at some slowdown but that we are not anticipating in the next six months from now but going forward we will probably see some impact in one quarter in 2019 just before the election. So, what we expect now is that going forward in next six months there will be more activity before the elections because a lot of new projects will be announced by the state, that is one. And second, with what we were saying with TBCB picking up probably with next six months there will be new schemes of TBCB announced, so that will also result into ordering for TBCB players. So, once TBCB players get that order then they are not bound by further ordering to the EPC players, because then they are not under the purview of model code of conduct and all those things.

Sabhyasachi Mukherjee: And the other one was a bit of a bookkeeping, I was just reconsolidating the order backlog figures, so at end of March 2018 you mentioned that 72 billion was your order book and this quarter you have got around 6 billion of order inflow and made around 11 billion of revenues. And your closing order book position is 65, buy my calculation is coming around 67, 68, could you just help me out on that?

Gaurav Negi: We had some order cancellations which were there in the backlog given some of the conditions of some of the customers that we had we decided not to pursue some of the orders which resulted in a cancellation.

Sabhyasachi Mukherjee: And what would be the quantum of that, if you can?

Sunil Wadhwa: It will be close to Rs. 100 crores to Rs. 130 crores if I am not wrong.

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

Suneel Mishra: Thank you everyone for your participation. We conclude today's conference call of T&D India Limited. In case if you have any questions then please feel free to contact me or Mr. Anshul Madaan on the email id given at our website.

Moderator: Thank you, members of the management team. Ladies & 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. Thank you.