



KEC International is a global EPC major, predominantly in the power T&D space. **Ramesh D. Chandak** discusses how KEC is expanding its presence in other verticals like water management and even renewable energy. Chandak is confident that all SBUs of the company will attain the same glorious status of the power T&D SBU that has marked its footprint in over 50 countries. As former Chairman of IEEMA, Chandak also shares his views on the road ahead for the electrical equipment industry. An interview by **Venugopal Pillai**.

Recent policy measures could expedite infrastructure growth

— Ramesh D. Chandak,
MD & CEO, KEC International Ltd

Tell us how this fiscal year (2014-15) been so far in terms of the overall order book position.

For the first half of FY15 our revenue stood at Rs.3,893 crore as compared to Rs.3,524 crore for the same period last year, reflecting a growth of 10.5 per cent. Our current order book is around Rs.9,000 crore. Further, we are at L₁ position in projects worth over Rs.2,000 crore, which we expect will materialize into orders in the near term. With this, we are expecting our order book to improve by the fiscal year end.

While we understand that overall power sector did not do too well in FY15, did the international business compensate, at least to some extent?

Our revenue mix is more tilted towards the international markets, which consistently comprises of more than 55 per cent of our total

revenues. During H1 of FY15 we bagged some good international orders, especially from Saudi Arabia, which accounted for around 25 per cent of our order intake in the first half. However we are also getting good orders from state power utilities in the domestic market.

Tell us about recent trends in KEC's cables division (erstwhile RPG Cables) especially after commissioning of the new EHV cable plant in Gujarat.

We manufacture wide range of HT and EHV power and telecom cables. Since 2013, we began commercial production from our greenfield Vadodara factory that is built as a world-class manufacturing unit replete with the best-in-class technology, processes and people. In addition, the unit also received a 'Platinum' rated Green Certification from the Indian Green Building Council (IGBC) making it the first manufacturing unit in the electrical sector in India.

In EHV, we have developed our capabilities in the 220kV cables segment for which we have received the short test approval from KEMA. Other long term test approval will take another 6-8 months. Based on short test certificate, we have booked couple of small orders for 220kV cables. The long term test approval, once received, will definitely provide a boost our Vadodara facility.

We expect that future power transmission infrastructure will progressively be of extra high voltages like 765kV and 800kV. How is KEC gearing up to meet this demand?

Definitely, the industry is moving towards EHV transmission



infrastructure and our company's progression is in line with the progress on industry front. We are already executing 765kV transmission projects and are geared up to cater to even higher levels of power transmission.

KEC was involved in setting up the 1,200kV double circuit transmission test line as a part of PGCIL's 1,200kV test station at Bina. This is the first 1,200kV transmission line in the world. Each tower weighed more than 400 tonnes and had a height of 130m. Our Nagpur testing station is one of the few testing stations in the world capable of testing towers up to 1,200kV.

Further, on the distribution front, we offer complete turnkey solutions from concept to commissioning on turnkey basis for high voltage air insulated substations (AIS) and gas insulated substations (GIS) up to 1,150kV level as per IEC or other international standards.

How is KEC's recent diversification into EPC contracting of water-related projects shaping up?

We are emerging slowly and steadily as far as water is concerned. We are currently executing projects for sewage water treatment system, canals and dam construction. We had secured some good orders in wastewater treatment, which are progressing well.

We understand that KEC wants to expand its scope as an EPC contractor in the overall infrastructure space and not just power transmission. To this effect, what other areas are on your radar?

Apart from water and railways in the infrastructure space, we are also focusing on solar projects. We recently secured our first turnkey order in solar space. The order includes design, supply, installation, testing and commissioning of a solar PV power plant.

The government's thrust on renewable energy is expected to boost the progress of this sector. Measures are being taken to promote solar manufacturing in India through the "Make in India" programme. The Electricity Amendment Bill, 2014 also focuses on promotion of renewable energy. All this along with the expected solar parks and ultra-mega solar power projects, is likely to create ample growth opportunities.

What has been KEC's stance as a developer of transmission lines? Have you been bidding for inter-state or intra-state lines?

Currently, we do construction work for private transmission players like Sterlite, Visa Power, CESC, etc. We perceive EPC contracting and ownership of assets as two different business models, involving different strategies. EPC contracting is based on generating profit on the construction activities whereas PPP is the annuity business on the development of assets created.

As former President of IEEMA, what in your view are the biggest challenges that the electrical equipment industry is today facing? What are your expectations from the new government?

The electrical industry is faced with myriad of challenges. Progress is largely hampered on account of issues like securing right of way, forest clearance, land acquisition, funding constraints etc. Apart from this issues like inadequate fuel linkages for generation capacity additions and poor financial health of SEBs also add to the woes of equipment manufacturers.



Nonetheless with the recent measures, there seems to be progressive effort by the government that is expected to expedite infrastructure growth in India.

Recent reports of passing of an ordinance towards amending the current Land Acquisition Act will remove bottlenecks and accelerate the pace of acquiring land. This is likely to fast-track development and result in timely execution of projects.

RBI's extension of its flexible refinancing and repayment option for long-term infrastructure projects to cover existing projects will enable banks to lend for 20-25 years as against its current lending period of 10-12 years. This will take care of funding constraints associated with most infrastructure projects since they are long-gestation projects.

Further, the emphasis and approach of the government on providing 24x7 power to all along with the proposed development of Smart Cities, green energy corridor, metro rails, river interconnection, solar energy etc is expected to provide impetus to growth of the electrical equipment sector.

What are the cherished corporate objectives that you would like to see KEC International attaining in the coming years, say by 2020?

Our T&D SBU is a world leader in power transmission and is constantly expanding its footprint on the global arena. We have marked our presence in 52 countries and are currently executing projects in 30+ countries.

In the coming years, I would like to see the rest of our SBUs coming on par with our T&D SBU as far as capturing international markets is concerned. 