



T&D will define the next growth phase in the power sector

— **Subhash Sethi**, Chairman,
SPML Infra Ltd

With a track record of over three decades, SPML Infra is a multidisciplinary EPC company with experience in water, solid waste management, power transmission & distribution and civil infrastructure development. We have **Subhash Sethi** expounding on his company's power T&D business. He is confident that it is the T&D segment that needs and will attract the maximum investment within the power sector.

The power ministry appears to be clearly focused on power T&D upgrade, embarking on projects right from interregional power transmission lines to household electrification. Please discuss your assessment of power T&D becoming an important component of your overall diversified business portfolio.

In SPML Infra, our main focus in the power sector business is transmission & distribution. We have decided to go for projects that have clear funding mechanism and have good profit margins in T&D, and even businesses that we will be pursuing in future. We have substantial numbers of power T&D and rural electrification projects currently under different stages of execution spread across states from south in Andhra Pradesh, Karnataka to northern states of Rajasthan, Haryana and Uttar Pradesh, and eastern states like Bihar, Jharkhand, West Bengal, Odisha and Tripura. The next phase of growth in power

sector is pegged to come from T&D segment only.

Tell us about the dominance of Power Grid Corporation related orders in the overall order book of SPML Infra in the power T&D space.

Our order book of power projects is about Rs.1,500 crore. Power Grid Corporation is among the prestigious clients for SPML Infra and we are currently executing over Rs.600 crore worth of T&D projects awarded to us by this Central PSU. We have also received good orders worth about Rs.300 crore from West Bengal State Electricity Transmission Company Ltd. We are looking forward to these two prominent clients for awarding new projects to us in near future.

SPML had won a major order from Power Grid Corporation to supply 132kV substations to Tripura. What is the current status of this order?

Yes, SPML Infra is involved in a



400kV twin Moose
Chittorgarh-Bhilwara
transmission line, Rajasthan

project consisting of 16 units of 132/33/11kV substations in Tripura under North Eastern Region Power System Improvement Project being funded by the World Bank. The project will help in accelerating the north eastern state's development agenda; improve economic growth and citizen wellbeing through quality power supply.

The construction work of all projects in Tripura is in progress. SPML Infra has deployed experienced teams of engineers and management experts to execute the project. We have completed design engineering of all nine new substations and work has started there. For the extension of seven substations, work on five substations has already begun and for the remaining two substations, engineering work is currently underway. The progress on these substation works is on track and we expect to complete the project within scheduled time.

In fact, a team of World Bank officials along with senior officials of Power Grid Corporation visited our Tripura project sites in December last year and expressed satisfaction with the progress.

Please discuss some other important power T&D orders currently under execution.

In the last three months, we have completed installation of a 220kV GIS substation in Alipurduar, West Bengal and a 500 MVA autotransformer in Mainpuri, Uttar Pradesh. The installation work of another 500 MVA autotransformer in Sikar, Rajasthan is nearing completion.

The project for the extension of 400/220kV AIS substation and two units of 500 MVA autotransformer works associated with Eastern Region Strengthening Scheme in Malda, Durgapur, Jeypore Rourkela, Maithon, and Angul is under way and we will be completing the projects under the given schedule.

Apart from the above, SPML Infra is also executing several substation projects including 220kV GIS



220kV GIS Substation, Alipurduar, West Bengal

substation in Faridabad, Haryana; 220kV GIS substation at New Town, 24 Pargana, West Bengal; 220kV grid substation at Ratu (Burmua), Jharkhand; 132kV GIS substation at Burdwan, West Bengal; and rural electricity infrastructure development for agricultural feeder segregation works in Murshidabad, West Bengal. All these projects are under execution as per the project schedule.

SPML Infra has been a very big contributors to rural electrification. How do you see opportunities under the Soubhagya scheme of 100 per cent household electrification?

Yes, SPML Infra has contributed immensely in rural electrification and power distribution, especially in Bihar. With a number of executed projects, over half a million rural households have been connected with electricity. Currently the company is executing two important rural electrification projects in Patna and Gaya districts where SPML Infra has installed 8 units of 33/11kV substations, erected more than 3.10 lakh electric poles covering an area of 15,000 km with LT/ HT transmission lines in over 3,000 villages.

More than 1.5 lakh families from below poverty line (BPL) have been benefitted with proper electricity connections under this scheme. SPML Infra deployed modern machineries and about 200 trained professionals who worked tirelessly day and night to complete the important part of the project. The work is in full swing to connect remaining 80,000 BPL families. The state government has appreciated

the work under the project completed by SPML Infra.

The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme has a dedicated budget of Rs.16,320 crore through which the government envisions to achieve universal household electrification to all remaining un-electrified households in the country. The scheme which will cover 30 million households—25 million in rural areas and 5 million in urban areas— has the provision for free electricity connection to poor families.

SPML Infra is looking forward to partner with state power utilities and discoms in developing rural infrastructure under this scheme.

Digitization of the grid is the new norm in the power T&D space. Tell us about your experience in incorporation "digital features" to conventional projects.

Yes, the benefits of digitization are huge, as it helps to better predict and respond to change. World Economic Forum has predicted the benefits of grid digitization worldwide over the next decade will be \$3.3 trillion, including \$2 trillion in societal benefits.

SPML Infra being a leading player in power T&D segment has put conscious effort to ensure quality and international best practices. We are employing latest and innovative technology in execution of various large and sophisticated projects we are currently working on. Our in-house engineering team is on constant research and development to provide innovative and best suited technological and engineering solutions for our projects without compromising on quality. We have installed AS and SCADA systems in 220kV substation in Mirzapur, Uttar Pradesh and PLC system is already there in all our projects executed or being executed.

Please discuss typical challenges like non-availability of manpower, logistical constraints, etc. Do you

see the situation improving in recent years?

India's power sector is not without its set of problems that include inordinate delays in land acquisition, regulatory bottlenecks, statutory clearances (particularly environment and forest clearance), shortage of skilled manpower, timely availability of materials, difficulty in getting long-term and working capital funds among others. Availability of competent project management personnel is also an area of concern.

Skilled manpower is very important in power projects as it requires specialized technical manpower during the project construction as well as in the O&M phase. With the advent of modern technology and digitization of systems, technical and managerial competency is critical in ensuring timely execution of power projects and optimum performance upon commissioning. We provide regular training to our project teams to ensure they have up-to-date technical skills, higher motivation and productivity. With advance transportation system now available in India, logistical constraints are majorly being taken care of except in difficult terrains and far flung areas where customized transport solutions are required.

There is a feeling that the distribution franchisee model has not been very successful in India. What is your reading?

Distribution franchisee (DF) model is neither a new concept nor is it popular with power companies! The idea behind DF was to encourage private participation in power distribution for improving electricity access to people. The motive behind its introduction in rural areas was to increase electricity access in view of the limited reach of power utilities. In urban areas like towns and cities, the idea was to reduce technical and commercial losses.

In the last 10-12 years, while several state power utilities have adopted DF model, only a few of



500 MVA Autotransformer, Mainpuri, Uttar Pradesh

them are still under execution. The others have been terminated due to various challenges. There is mixed experience with DF model with more cases of failure than success. The limited private sector involvement with challenges like inadequate profit margins, unfair allocations of risks between client and franchisee, unattractive bid structure, and operations difficulty has led to the failure of several such projects.

We feel that discoms and government should change their attitude towards private players and treat them as their partners in achieving the goals. They should understand that private players are their support to help in achieving the 24x7 power initiative and to reduce the work burden of state utilities by bringing in much needed efficiencies. The responsibility of electricity and capital expenditure for infrastructure development still lies with the discoms and for a franchisee; the development scope is limited.

Our DF project in Bhagalpur was also arbitrarily terminated towards the end of last year and SPML Infra is taking necessary curative actions towards claims.

Does SPML Infra have plans to graduate into development of intrastate or interregional transmission lines, under the PPP model?

We have to see how far the tariff based competitive bidding schemes are successful in India. We are currently not interested in BOOT

schemes; our focus will remain be on EPC projects.

Power T&D contracting appears to be a very promising area for entrepreneurs and also for equipment suppliers to move ahead in the value chain. What is your view and what support would you expect from the government to promote power T&D contracting as a gainful business?

One of the main reasons for losses in the power sector is low investment in T&D, in comparison to the generation. Then there are technical losses due to overloading on old and aged infrastructure, substations, poor repair and maintenance of existing equipment and inadequate installation of capacitors. The commercial losses are also high due to low metering, billing and collection. Theft, pilferage, tampering of meters is very common and low accountability of workforce makes it difficult to control. The lack of power accounting and auditing also contribute to ATC losses. These situations are prevalent in every state and as mentioned before, the turnaround in the power distribution sector would only be possible with private participation and using the efficiency of the private players along with the timely execution of the state programs. Without the intervention of the state, private players cannot survive in the power distribution sector.

Please summarize your vision and your future plans for SPML Infra in the field of power transmission and distribution.

Our vision is in line with the Prime Minister's vision of providing electricity to all citizens and transforms their lives. SPML Infra is working towards this goal with a number of rural electrification and T&D projects currently under execution. As we discussed this earlier, we are focusing towards gaining more T&D projects under several government schemes. ■