

December 24, 2024 <sup>(Revised)</sup>

## GE Power India Limited (erstwhile Alstom India Limited): Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – working capital	390.00	286.00	[ICRA]BBB (Negative); reaffirmed
Long-term/short-term – non-fund based – BG/LC	4,450.00	3,199.00	[ICRA]BBB (Negative)/[ICRA]A3+; reaffirmed
Unallocated	200.00	1,555.00	[ICRA]BBB (Negative) / [ICRA]A3+; reaffirmed
<b>Total</b>	<b>5,040.00</b>	<b>5,040.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings reaffirmation on the bank lines of GE Power India Limited (GEPIL) takes into account the consistent weak profitability reported by the company in the past, which, along with moderation in the scale of operations, resulted in consistent losses at the operating level. Apart from intense competition, the profitability remains volatile to the input costs and delays in project execution.

ICRA, however, notes that there has been steady moderation in the operating losses reported by the company and the company's attempts to transform into a profitable venture, which include divestment of the hydro and gas business segments, focus on core offerings, attempts to reduce the project tenures by eliminating the commissioning part of the EPC projects and focusing more on the engineering and supply parts. These are likely to curtail the execution time as well as working capital intensity of operations. While these measures can lead to generation of profits and moderation of working capital cycle as the historical projects come to a closure, the same remains a key monitorable.

ICRA also notes that the order intake has remained healthy in the current fiscal, which translates into comfortable revenue visibility going forward, however the profitability of these remains to be seen. Moreover, with improvement in collections, the external debt levels have come down to zero (for continuing operations, as there is some debt on the hydro business which will be eventually transferred), which further translates into improvement in the credit profile.

The ratings draw comfort from GEPIL's established position in the thermal power plant equipment and services industry in India, supported by technological and financial benefits derived from its parent, GE Vernova Inc. (GEV), and its strong technical/execution capabilities. Access to GEV's cash pool with a sanctioned limit up to Rs. 285.0 crore and the expected release of a substantial sum of retention money in FY2025 as projects come to closure are likely to provide liquidity comfort.

### Key rating drivers and their description

#### Credit strengths

**Established operational track record in power equipment industry** – GEPIL is one of the major players in the power equipment industry with an operational track record of several decades. It manufactures/supplies critical equipment, including boilers, emission control equipment/systems, etc., for power plants, and provides associated services.

**Benefits of parentage** – GEPIL derives technical synergies and financial flexibility from its strong parentage (ultimate parent— GE Vernova Inc.). Additionally, being a part of the GE Vernova Group augurs well while bidding for fresh orders, given its access to technology and a wide client base because of the GE Vernova Group’s global presence.

**Steady improvement expected going forward with change in business strategy** – GEPIL has revised its business strategy to concentrate on delivering core FGD services. By eliminating the commissioning scope from erection and procurement activities, the company has shortened project execution timelines. Additionally, the new orders are more profitable, and the average duration for order execution has significantly decreased following the exclusion of hydro and the C segment of EPC projects.

### Credit challenges

**Volatility in profit margins due to input costs; susceptibility to any delays in project execution** – GEPIL’s profit margins remain susceptible to delays in executing orders and the volatility in prices of key raw materials and bought-out components, given the relatively long project execution cycle and the fixed-price nature of some contracts.

**Intense competition** – The industry remains highly competitive with established local players and global majors. While the outlook for capacity addition in the thermal and hydro segments has improved, the company’s ability to secure orders amid the intense competition in the industry will remain a key monitorable.

**Divestment of hydro and gas businesses to result in lower revenue generation from historical levels** – GEPIL has divested its hydro and gas power businesses, which together contributed over 36% of its revenue in FY2023-24 (31.1% from hydro and 5.1% from gas). While this move will initially reduce revenue, the company expects it to enhance its focus on core areas, improve profitability, and strengthen its financial position.

### Liquidity position: Adequate

The liquidity position is adequate, supported by a cash balance of Rs. 165.45 crore as of September 2024, undrawn bank lines, access to GE’s internal cash pool with sanctioned borrowing limits of Rs. 285 crore and no term loan repayment obligation.

### Rating sensitivities

**Positive factors** – The outlook can be revised to stable if a steady execution of the orderbook and healthy incremental order inflow enables GEPIL to demonstrate revenue growth while improving its profit margins on a sustained basis. Moreover, improvement in the credit profile of GEV can also trigger a positive rating action.

**Negative factors** – GEPIL’s ratings could be downgraded, if there is a sustained decline in revenues and profitability. Further, deterioration in the working capital cycle owing to elongation in the receivables period will remain a key downward trigger. A deterioration of the credit profile of GEV or weakening in linkages with GEV could also lead to a downgrade.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Ultimate Parent Company: GE Vernova Inc. Ratings are based on implicit support from ultimate parent, primarily in the form of technological and financial synergies
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GE Power India Limited. As on March 31, 2024, the company had one wholly-owned subsidiary and one JV, which are enlisted in Annexure-II

## About the company

GE Power India Limited (GEPIL) is engaged in the engineering, procurement and construction of key equipment for thermal and hydropower plants. It manufactures and/or supplies critical electrical and industrial equipment, including boilers, turbines and pollution-control equipment for these power plants, along with associated services. The company's manufacturing facility is in Durgapur (West Bengal). The company is owned by GE Vernova Inc. with a 68.58% shareholding in the company through its Group company - GE Steam Power International BV.

### Key financial indicators (audited)

GEPIL Consolidated	FY2023	FY2024
Operating income	1795.8	1674.8
PAT	-443.6	-177.1
OPBDIT/OI	-16.0%	-9.1%
PAT/OI	-24.7%	-10.6%
Total outside liabilities/Tangible net worth (times)	11.3	36.5
Total debt/OPBDIT (times)	-1.3	-1.1
Interest coverage (times)	-3.8	-1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Dec 24, 2024	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	286.00	[ICRA]BBB (Negative)	12-APR-2024	[ICRA]BBB (Negative)	06-JUN-2023	[ICRA]BBB+ (Negative)	28-JUN-2022	[ICRA]AA (Negative)	18-NOV-2021	[ICRA]AA+ (Negative)
				-	-	23-AUG-2023	[ICRA]BBB+ (Negative)	20-DEC-2022	[ICRA]AA- (Negative)	-	-
				-	-	22-NOV-2023	[ICRA]BBB (Negative)	-	-	-	-
Long term / short term-unallocated-unallocated	Long Term/ Short Term	1555.00	[ICRA]BBB (Negative)/[ICRA]AA3+	12-APR-2024	[ICRA]BBB (Negative)/[ICRA]AA3+	06-JUN-2023	[ICRA]BBB+ (Negative)/[ICRA]AA2	28-JUN-2022	[ICRA]AA (Negative)/[ICRA]AA2+	18-NOV-2021	[ICRA]AA+ (Negative)/[ICRA]AA1
				-	-	23-AUG-2023	[ICRA]BBB+ (Negative)/[ICRA]AA2	20-DEC-2022	[ICRA]AA- (Negative)/[ICRA]AA2+	-	-
				-	-	22-NOV-2023	[ICRA]BBB (Negative)/[ICRA]AA3+	-	-	-	-
Long term / short term-others-non fund based	Long Term/ Short Term	3199.00	[ICRA]BBB (Negative)/[ICRA]AA3+	12-APR-2024	[ICRA]BBB (Negative)/[ICRA]AA3+	06-JUN-2023	[ICRA]BBB+ (Negative)/[ICRA]AA2	28-JUN-2022	[ICRA]AA (Negative)/[ICRA]AA2+	18-NOV-2021	[ICRA]AA+ (Negative)/[ICRA]AA1
				-	-	23-AUG-2023	[ICRA]BBB+ (Negative)/[ICRA]AA2	20-DEC-2022	[ICRA]AA- (Negative)/[ICRA]AA2+	-	-
				-	-	22-NOV-2023	[ICRA]BBB (Negative)/[ICRA]AA3+	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - Fund based working capital limit	Simple
Long-term/Short-term – Non-fund based BG/LC	Very Simple
Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based – Working capital	NA	NA	NA	286.0	[ICRA]BBB (Negative)
NA	Long-term/short-term – Non-fund based – BG/LC	NA	NA	NA	3,199.0	[ICRA]BBB (Negative)/[ICRA]A3+
NA	Unallocated	NA	NA	NA	1,555.0	[ICRA]BBB (Negative)/[ICRA]A3+

Source: Company

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**Annexure II: List of entities considered for consolidated analysis**

Company Name	GEPIL Ownership	Consolidation Approach
GE Power Boilers Services Limited	100%	Full Consolidation
NTPC GE Power Services Private Limited	50%	Equity Method

Source: Company

**Corrigendum:**

Document dated December 24, 2024, has been corrected with a revision as detailed below:

Revisions on page number 3 under “Analytical Approach”. Name of the support provider revised to GE Vernova Inc. under Parent/Group support.

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