



GE T&D India Limited

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May 30, 2019

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MUMBAI 400 001

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

Code No. 522275

Symbol: GET&D

Dear Sir,

Sub: **Transcript - GE T&D India Limited Earnings Call for Investors held on May 24, 2019**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on May 24, 2019 in respect of financial results for the financial year ended on March 31, 2019 (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 2019 Earnings Conference Call”

May 24, 2019



MANAGEMENT: **MR. SUNIL WADHWA – MANAGING DIRECTOR**
**MR. GAURAV NEGI – WHOLE TIME DIRECTOR AND CHIEF
FINANCIAL OFFICER**
MR. SANDEEP ZANZARIA – COMMERCIAL LEADER
MR. MANIKKAPURATH SIVAPRASAD – HEAD OPERATIONS
MR. MANOJ PRASAD SINGH – COMPANY SECRETARY
MR. SUNEEL MISHRA – HEAD, INVESTOR RELATIONS
MR. ANSHUL MADAAN – COMMUNICATIONS LEADER



Moderator: Ladies and gentlemen, good day. And welcome to the GE T&D India Limited Q4 2019 Earnings Conference Call. 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 '*' and 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. Thank you and over to you, Mr. Mishra.

Suneel Mishra: Thank you, Bikram. Ladies and gentlemen, good afternoon. Myself, Suneel Mishra, and I manage Investor Relations for the Company. Welcome to today's conference call with GE T&D Limited's management team. We have organized this conference to present financial results for the fourth quarter as well as financial year ended 31st March 2019.

Now, let me first introduce our 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 – Commercial Leader, Mr. Manikkapurath Sivaprasad – Operations Leader. Also, we have with us Mr. Manoj Prasad Singh – Company Secretary and Mr. Anshul Madaan – Communications Leader.

Please note that the conference call is scheduled up to 4:30 PM. I hope you would have received the Investor/Analyst Presentation and read the disclaimer on slide number two.

I would now request our Operations Leader, Mr. Manikkapurath Sivaprasad to begin this conference, highlighting operations and execution achievements of the quarter. Thereafter, Mr. Wadhwa and Mr. Sandeep Zanzaria will take us through to the order and market, followed by Mr. Negi speaking on the financials.

I now invite Mr. Sivaprasad to begin. Over to Sivaprasad.

Manikkapurath S.: Thank you, Suneel. Happy to start off this presentation. So, as always, your company has been focusing on execution, delivering the projects and commitment to our customers. And we are happy to say that this quarter again, we have been able to commission substantial number of projects across different domains, different technologies and different voltage levels.

So, a few highlights I will take you through in this list. We start with 50 megawatts solar plant for Marine in Tamil Nadu, which is for Neyveli Lignite commissioned in last quarter. Gas insulated substation for Power Grid at Bongaigaon was commissioned in Assam. We have commissioned also RRVPNL Barmer for 400 kV AIS substation, procured with the power evacuation system there. Again, for Neyveli Lignite Corporation, we have commissioned 400 kV GIS substation with 11 bays, which is the take-off substation for their 660 megawatts power production. 400 kV AIS substation in Power Grid Chilakaluripeta in Andhra Pradesh, Narasaraopet in Gaya, Bihar are the substations commissioned for Power Grid. And the last in the list are project commissioned in last quarter are 27-bays of 765 kV equipment substation in Power Grid in Jharsuguda, Odisha, and the biggest one in Chilakaluripeta in Andhra Pradesh, 16-base of 765 kV.



So, this is a key highlight of quarter actually what it is in terms of execution. I am also happy to inform you that your company has been able to commission and add-on the transmission capacity of about 16 gigawatts in the past financial year into the Grid.

Thank you, and over to you, Suneel.

Suneel Mishra:

Now I would request Mr. Wadhwa and Mr. Sandeep Zanzaria here to take us through the order.

Sandeep Zanzaria:

So, thanks, Suneel. Sandeep here. So, the key orders what we have won in the quarter is the GETCO, 400/220/66 kV Gas Insulated Substation package, this is the KSW funded package and the substation is being installed in the state of Gujarat which is reasonably heavy state and will also be used for evacuation of the and from the substation to the other parts of Gujarat. Power Grid, we have been able to secure an order which is part of the TBCB scheme in the state of UP, it's a 400/220/132 kV air insulated switchgear to be built in Jawaharpur. One of the landmarks orders from last quarter was the level 2 500 MVAR Thyristor Controlled Reactors at Kurukshetra, where we are building the HVDC project as well. So, this is will be constructed along with our finished unit segment's counterparts, and will also be a major project in controlling the over-voltage situations in northern grid.

Continuing the successes of the past quarters in DGC, we have been able to get the order for three numbers of different substations renovation, modernization packages in the state of Jharkhand and being planned for all level by DGC. In TBCB space, Adani Transmission, we have won various projects from them, we have been able to take the order for the 765 kV bay extension package at Ghatampur, which is again UP. So, the company has been quite successful in taking orders from both government sector and private sector, despite the headwinds that we are seeing in the market.

So, thank you. And over to Gaurav.

Gaurav Negi:

If you go to the next page, it's a breakdown of the orders. We were close to Rs. 973 crores, a 17% growth year-over-year compared to the same period last year. On our total year basis if you will see, we are at Rs. 3,750 crores, its lower than what we had last year, but that is largely driven by power gen orders of close to Rs. 800 crores which were not repeating themselves in this current year.

If you go to the next page, in terms of execution. Overall revenue for the fourth quarter is Rs. 895 crores, up 10% compared to the same period last year, which was Rs. 814 crores. Excluding the HVDC, HVDC was one of the flagship projects that we have been executing; the revenue was up close to 20% at Rs. 848 crores versus Rs. 706 crores last year. And on a total year basis also, as you can see, we closed the year with a revenue of Rs. 4,218 crores, down versus last year. But if you exclude the HVDC order, we were up 9% at Rs. 3,935 crores. So, in summary, despite the HVDC runoff, I think the team has managed to continue to grow the overall portfolio basis what is already shared in terms of the execution that we did this year.



The next page is the profit after tax. Again, profit after tax came in at Rs. 26 crores versus Rs. 28 crores in the same period last year. And on a total year basis, we came in at Rs. 213 crores versus Rs. 209 crores, so Rs. 4 crores better than last year. So, this is despite the headwinds of declining HVDC backlog. So, overall, we maintained better profitability throughout the portfolio despite some of the challenging environment that we are currently facing.

The last page is to summarize the financial performance. Overall, sales in the quarter down 4% year-over-year, but excluding the HVDC, we are up 9%. And operating profit percentage is in line with last year at 7%, and on a total year basis we are at 9.5% of operating profit, which was close to Rs. 400 crores. And at an overall profitability level, profit after tax for the year was Rs. 213 crores.

So, with that, I will open it up for questions.

Moderator: Thank you very much, sir. Ladies & gentlemen, we will now begin the question-and-answer session. We have our first question from the line of Renjith Shivram from ICICI Securities. Please go ahead.

Renjith Shivram: Sir, if you can help us with the order book mix in terms of PGCIL, SEB's private.

Sandeep Zanzaria: So, for the quarter, overall, there is a major share of the private. The private came close to 50% of the overall orders that we took in, and central utilities would be roughly around 25%, and the remainder has stayed. So, 50%, 25%, 25%, that's the way I will say it.

Renjith Shivram: If you can give me the mix of the order book, Rs. 6,400 crore order books, how much is PGCIL?

Sandeep Zanzaria: So, on the order book side, private is becoming, the shift is now towards the private, that will be closer to a 60% of the order book, the Rs. 6,400 crores that we are talking. And state is going to be 20%, central utility of PGCIL would be around 20%.

Renjith Shivram: Okay. And last call you had mentioned this Bangladesh HVDC technical bid was expected. And price bid, you are expecting in July. But any action, did you see any tender opening of the technical bid for this Bangladesh HVDC?

Sandeep Zanzaria: So, Bangladesh HVDC, the technical bids have opened and they are under evaluation. So, we expect the bid submission to happen in the next quarter, not in this quarter, because of Eid and all they are factories will be closed, or they will be closed from some part of the June and the discussions will stop evaluation. And we expect the project to go on in July.

Renjith Shivram: Okay. And the Sri Lanka HVDC, what is the status out there?

Sandeep Zanzaria: The Sri Lanka HVDC, I think it is still going to take some more time, at least minimum two years, because of SAARC grid which is being getting, the concept which has formulated, because that is along with the cable package and things like that, so that will take more time to come.



- Renjith Shivram:** Okay. And of the overall order book, Champa-Kurukshetra was Rs. 190 crores to Rs. 200 crores pending, so now it will be close to 150 crores?
- Gaurav Negi:** Yes, around Rs. 130 crores we kind of traded for the balance in this quarter that went by.
- Moderator:** Thank you. We have a next question from the line of Renu Baid from IIFL. Please go ahead.
- Renu Baid:** My first question would be to understand that after the momentum picking up on the execution side, fourth quarter we have seen some execution headwinds. So, how should we read into the headwinds for execution? And how would be the outlook for FY20 with the current backlog of Rs. 6,400 crores when we expect the execution to scale up?
- Gaurav Negi:** So, overall, one of the challenges that we have had Ms. Baid was the HVDC decline given it was a substantial portion of the revenue. We have tried to manage that by offsetting with other portfolio projects that we had. Given that there is some softness that we have called out on the order side, we do see pressure on the execution side, largely because of a declining order book in 2020. And that is something that is going to get played out in the second half of this year, depending on the orders that we will be taking in. But there will be some pressures that we see going into 2020.
- Renu Baid:** Sure. But any constraints with respect to liquidity or customer payment issues, which have also resulted in postponement or delayed execution?
- Sunil Wadhwa:** Just to add to what Gaurav said and to your point, the sales this quarter would have been much higher, except for regions what I said. In addition, there was a customer who had some financial issues, as you rightly pointed out, which has led to the work now getting definitely postponed by at least a few more months. Okay. So, that work which is basically the backlog, it continues to remain. And it's not an order model which is getting bottled or short closed, but it is just what slipped into the next quarter at the request of the customer.
- Renu Baid:** And what was the value in the backlog of this particular customer who is having financial tightness?
- Sunil Wadhwa:** About Rs. 200 crores or so.
- Renu Baid:** Okay. So, not significant?
- Sunil Wadhwa:** Yes. I mean, significant portion, significant in terms of shortfall. If you look at the shortfall difference between last quarter and this quarter, this number is significant, but that will come up in the next quarter. Secondly, there is one government customer who is to decide on specific tightness about that kind for a particular project we have. And there were some negotiations on the number of units that have been supplied, so whether it's to the first unit apart from the last one. So, that has taken time, we have resolved that issue in last earnings session. So, the project will start say three months later than it would have started and terms of the execution. So, these are basically timing issues, so we haven't lost any margins so to say, probably with a win in terms of the time



we have taken to negotiate these better terms of those projects. So, these are basically the two major reasons for us. And which is going to sort of push those customers to whatever is the solution and try to do it this quarter, because that would have not been as good as it is today now, the client shifted it on a later date.

Renu Baid:

Sure. Sir second, our order backlog would have declined approximately 10 percentage YoY. So, how are we looking at the new order pipeline for the next financial year? Thereafter which you can expect the good momentum to start there for the order.

Sunil Wadhwa:

I will tell you what, basically partly also because of the elections and the code of conduct over the last almost few months. Secondly, also, just before the elections there is always a slowdown, but the major point has been that the decision of the schemes which will get approved for implementation by PGCIL or under TBCB had taken some time at the level of the government. So, the Power Committee finally decided on the sites, and the citation of the schemes and where they have to be put us depending on the Green Corridor optimum layout. So, that got cleared by the MNRE and the Power Committee of the Government of India, that is CEA, sometime in end of September. And then when the schemes get cleared then the actual scheme details, specifications and stuff like that takes place. So, all that which is basically should have happened normally over a period of time gradually, but got actually clustered into one group, one time. For example, there is a 68 gigawatts of Green Corridor schemes which have been approved by the Power Committee for inter-state transition of green power. The 25 gigawatts of intra-state schemes approved for the states to take up for tendering, out of the 68 gigawatts, about 12 gigawatts were given to the able to Power Grid Corporation on a nomination basis, and the balance are now coming through TBCB route. So, all that basically is started in last quarter, we have seen bids of about \$400 million to \$500 million already for these Green Corridors in the last few months. The bids for TBCB, which will be Power Grid as well as all the private players will be participating would be coming up in the next 15 days. They were due about a few days back, but they have been postponed during some clarifications. And we see that about \$2 billion, which is about Rs. 13,000 crores of bids coming for substation business. But what we see is about \$2 billion of bids which will come up for the substation business for 68 gigawatts. Roughly 1 gigawatt really around \$30 million of substation business comes up, give or take 10% here and there, depends on whether it is a greenfield or a brownfield project. But roughly that's the kind of number. So, that is one big chunk which is going to be, I think most probably decided this year or large part of it will get decided this year. One more reason why I am saying that this will get decided this year is that these tenders for TBCB which are being built by private companies other than PGCIL, and very short commissioning period, so somewhere around 15 months is what they have to deliver the entire project. And so they really cannot wait too long to get the awards

Renu Baid:

Right. And sir my third question is, if you see this financial year, we were able to show pretty smart reduction in the raw mat to sales, which helped the gross margins to improve, combination of the mix also here. So, to that extent, can one expect that despite a competitive backlog, a good share of this improvement should be maintainable in FY 2021? Or do you think the backlog or the



competitive pressures or lower margins will not be able to sustain these kinds of margins on the current existing backlog?

Moderator: Ladies and gentlemen, kindly stay connected. We seem to have lost the management line. Please stay connected.

Renu Baid: Sir, my question was that in financial 2019, a favorable sales mix had helped us to improve the material margins or the gross margins for the year. Now that the existing backlog is sitting with pretty competitive margins, you think part of the gains that we saw in FY19 would be given up in FY20 or a large share of this improvement is sustainable?

Gaurav Negi: It will be a little difficult now, given the levels of pricing that we have seen when we picked up some of the orders. But having said that, we typically, which I have kind of mentioned in the last prior calls also, we have got 15 to 24 months to figure out how to further enhance our cost optimization efforts that invariably at the start. So, there is added challenge for the team now to further find cost optimization on the product side, on the administrative side. So, that's what we are now focused on. But it will be a bit more challenging as we go into FY20, given levels of we are in.

Renu Baid: Sure. And my last question, if I can, of the Rs. 6,400 crores order backlog that we have, is 65%, 70% of the backlog executable in the next 12 months? What percent of the backlog you think is executable for the next 12 months based on the execution time lines?

Gaurav Negi: So, close to 65% to 70%. And at the same time, we are also looking for convertible orders also. Like Mr. Wadhwa mentioned, we are trying to look at short cycle kind of the projects that will be coming out. So, we will try to see to what extent those are convertible in the short duration time frame.

Moderator: Thank you. We have a next question from the line of Jonas Bhutta from Phillip Capital India. Please go ahead.

Jonas Bhutta: So, basically just carrying forward the previous question on the opportunities for fiscal 2020 or 2021, particularly on the Green Energy Corridor. So, just wanted to get your views on whether the power generation projects for which these lines are being set, have they already been under construction or these are more prospective in nature, the solar projects or the wind projects that are likely to be linked to the Green Energy Corridor?

Sandeep Zanzaria: So, in the Green Energy Corridor are also into phases, so the phase which is already, for example, under bidding, the wind projects and the solar projects are already under construction and the transmission service agreements for these projects would be, they are supposed to be available for evacuation by end of 2020. But for the SECI is also planning the next wave of the projects, also they are planning to put the transmission system slightly ahead of the options which are happening



so that at least they are able to match the upcoming solar and wind projects with the be availability of the transmissions business then. So, both the cases are there.

Jonas Bhutta: So, basically the initial launch which is likely to get commissioned or they wanted commission by CY20 end is just about 28 gigawatts, right? Or is it the entire 68 gigawatts?

Sandeep Zanzaria: No, it is not 68 gigawatts, it's around 28 gigawatts.

Jonas Bhutta: Right. So, the ordering for 40 gigawatts would still be sort of back-ended, just the 28 gigawatts is something which is more front-ended. And that you said, sir, are \$2 billion or the entire 68 gig, is the \$2 billion opportunity for GE T&D?

Sandeep Zanzaria: Entire.

Jonas Bhutta: Okay. And when do you expect the 40 gigawatts kind of ordering to come, or that will be sort of maybe FY22 they would first want this particular set of 28 gigawatts to get commissioned?

Sandeep Zanzaria: That will be staggered within next 2 years' time.

Moderator: Thank you. We have a next question from the line of Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri: Sir, two questions. One, could you give us breakup of your projects versus products revenue?

Gaurav Negi: 40% is going to be projects, the remainder is going to be products.

Abhishek Puri: I am sorry. I didn't get you, sir.

Sunil Wadhwa: 40% is going to be projects-based revenue.

Abhishek Puri: Okay. And in terms of the order book, how would be the proportion like?

Gaurav Negi: Again, similar kind of proportion.

Abhishek Puri: Okay. And my second question again is on the Green Corridor. You are talking about \$2 billion of projects, but yet you are giving a very muted outlook for FY20. I mean, you have been seeing some pressure on account of lack of your orders or the order book is low. So, why would that be? Because I would believe if these orders are coming in they will, or do you expect them to be finalized towards the end of the year?

Gaurav Negi: Yes, towards the end of the year, that's what we mentioned. So, for them to then get converted into sales, that's why we are saying FY '20 is going to be muted, most of the orders are expected in the latter part of the year.



Abhishek Puri:

Okay. And what was the amount that you mentioned is going through Power Grid?

Sunil Wadhwa:

Out of these 68 gigawatts there is a breakup there basically which we have been informed by PGCIL and MNRE both in the common meeting. Out of the 68 gigawatts, 28 gigawatts are urgent schemes, because they are required to off-take power or transfer power from projects which are already under commissioning, under construction. Out of the 28, 12 gigawatts have been given to PGCIL. So, 12 gigawatts of PGCL is \$360 million or so. Balance 40 is basically going to depend upon the speed at which the tenders that are being floated by SECI or states are basically decided. And the time that is taken for a generation project for wind and solar is definitely much lower than what it takes to commission the line of the substation. So, therefore there is no way that they will actually be waiting for the finalization of the bids, and then awarding the transmission projects, it has to be in advance.

So, see, the schemes are being approved and CERC has also taken that into their overall plan, and the schemes are basically for a total of 100 gigawatts. As of today, the scheme which are already commissioned for Green Corridor is 75 gigawatts, that exactly is commissioned capacity of solar and wind, taken together. The balance 100 are over a period of two years. So, I guess the most conservative number that Sandeep just mentioned would be about two years, but balance 40 realistically I think some of the 40 might be actually tendered out this year and the balance should be in the calendar year 2020 allocated, especially with the same parties coming back to power, this heat is going to at least continue if not accelerate.

Abhishek Puri:

Okay. So, is there any other report? Because the report that I checked on Power Grid was on Rs. 5,720-something crores of project approval which has come through for Green Corridor?

Sunil Wadhwa:

I have a report from PGCIL, I will just check whether there is some reconciliation which is required.

Moderator:

Thank you. We have a next question from the line of Jigar Shroff from Financial Research Technologies. Please go ahead.

Jigar Shroff:

In the footnotes you have mentioned about initiating VRS scheme, I mean, could you let us know something about it in terms of how much would it lead to in terms of savings in employee cost? And sir then other bookkeeping question, what would be the net debt on the books?

Gaurav Negi:

The net debt is roughly around Rs. 20 crores.

Jigar Shroff:

How much?

Gaurav Negi:

Rs. 20 crores largely around that. And then the VRS we have rolled out in one of our transformers facilities as has been communicated. Again, given that we have to do manufacturing transformer facility, we are trying to see optimization both in terms of cost as well as the lowering that needs to be managed across those two plants that we have. In terms of, again, the intent is more to optimize versus reduction in the employee cost per say, because it's more a factor driven by loading



of the factories that we tend to right size the scientific process. So, I will not be able to share with you right now a numbers related to VRS.

Jigar Shroff: So, it won't be a significant reduction in the employee cost, would you like to say?

Gaurav Negi: Again, the scheme has been rolled out, so we will wait for the schemes to play out, because depending on the number of people who will opt for that scheme, we will be able to have more firmer numbers there. So, I will not able to give you a number right now.

Jigar Shroff: I see. And again, in the balance sheet, I mean there is a significant movement in current assets, in other financial assets and other current assets. Can you explain a bit on that, sir?

Gaurav Negi: So, again, there was a reclass if you will see, so you will see a reclass that is happening on other financial assets to other current assets, if you compare March 2018 and 2019.

Jigar Shroff: So, nothing in...

Gaurav Negi: Nothing material. If you aggregate the two it is the same. So, there is nothing substantial.

Jigar Shroff: And the cash and cash equivalent has dropped significantly, sir.

Gaurav Negi: Yes. We kind of shared that in the prior quarter also. What you have seen March 2018 to where we stand, we are close to Rs. 400 crores of cash. But given some of the positions we have with some of the customers that were being talked about, the receivable balance has gone up. So, again, the effort is going to be towards selecting that and its again a timing factor that is driving the cash position down to a net zero balance mark.

Jigar Shroff: And sir again going back to the earlier question, you mentioned you see some pressure in execution in FY20, but you continue to maintain, as you had mentioned in earlier con calls, that looking at an EBIT margin in the range of 9%, 10% for FY22, for the current year?

Gaurav Negi: FY22?

Jigar Shroff: FY20, you would strive to maintain the EBIT margins in range of 9%-10%, sir?

Gaurav Negi: We have always said it's going to be high single digits, and I think for this year it came out to be high single digits. There is going to be pressure on margins now. As we go into FY20 there is going to be pressure, reason being, both in terms of revenue there is going to be pressure given the order backlog. So, 2020 is going to be a little bit of a challenging year for us. But given some of the opportunities that has been spoken about that we expect coming in the second half of this year, 2021 is where we see there is going to be again an expected uptick for us. But 2020 is going to be a challenging year.



- Moderator:** Thank you. We have the next question from the line of Sujit Jain from ASK Investment Managers. Please go ahead.
- Sujit Jain:** Sir, this Rs. 7 crore provision on account of IL&FS bonds is in which line item?
- Gaurav Negi:** That's in employee benefits expenses.
- Sujit Jain:** So, it's above the OP, the operating profit, right?
- Gaurav Negi:** Yes, it's above the operating profit.
- Sujit Jain:** Okay. And in the past, you have spoken about digitalization projects that you had undertaken and booked revenues out of it. Is it on the GE products platform that you have utilized for the same?
- Sandeep Zanzaria:** No, it's not under GE Predix platform, but it's under a e-terra platform.
- Sujit Jain:** Sorry?
- Sandeep Zanzaria:** It's on a different platform.
- Sujit Jain:** Okay. If you will look at your peers, they are utilizing the platforms that are available with their groups and their parents, the other companies, the other two MNCs that are there in the Power Grid space, and are now moving out both globally as well as locally in a sense, and getting more into digitalization projects. So, is there a thought process of utilizing GE Predix because I believe even that is open source platform?
- Sandeep Zanzaria:** So, basically, the platform which we are using for the smart transmission management system is like e-terra which has been with us for many years now, and most of the projects have already been delivered on those platforms. So, we understand GE Predix is an open source platform, but still, the customization in the platform for this type of application is still not started. And we are concentrating presently on a platform where we have a lot of experience of delivering lot of projects, so whether it is for Power Grid or other states as well.
- Sujit Jain:** Sure. I missed the name of the platform that you just gave, which you utilize for digitalizing projects.
- Sandeep Zanzaria:** It's called e-terra.
- Sujit Jain:** Okay. Could you quickly elaborate more on this platform as to who has built this platform and how does this function? And in terms of the capabilities who they have tied up with globally?
- Sandeep Zanzaria:** So, this we can discuss offline as well.



- Moderator:** Thank you. We have the next question from the line of Renjith Shivram from ICICI Securities. Please go ahead.
- Renjith Shivram:** In your presentation, in the order intake for last year you had given this Rs. 810 crores of power-gen, and the other's are slow business. So, just wanted to understand what does that bifurcation mean?
- Sandeep Zanzaria:** So, it's like basically, Power Gen we had sort of some one or two large packages what we had taken from the thermal power gen segment. And if you really look at 2018 - 2019, this segment was not present because none of the thermal power large projects were got awarded. So, if you really look a year before that, then it was Jawaharpur, it was Obra, there were a lot of bigger thermal power plants which were awarded, also for Ramagundam. So, we had a one big chunk coming out of thermal power. So, that's why this balance other business like with TBCB, the Power Grid, the states, the private sector, the industries, everything is part of that business.
- Renjith Shivram:** Okay. So, how much of this Rs. 810 crores of order intake is still in your order book?
- Sandeep Zanzaria:** About 50% to 60% is still in the order backlog.
- Renjith Shivram:** So, we can assume around Rs. 400 crores, Rs. 500 crores of the Power Gen business is still there, which will be kind of slow moving?
- Sandeep Zanzaria:** It's not slow moving, actually the delivery of these projects was more than 12 months, so that is why this is going to be executed in the upcoming quarters.
- Renjith Shivram:** Okay. And what kind of order intake growth we can expect in FY20, given this Green Energy Corridor, Bangladesh HVDC, and some of these larger opportunities? Will it be kind of 15%, 20% growth?
- Sunil Wadhwa:** Yes, our target is to always improve the numbers. Right now our target definitely is to be much better than what we did last year on any front, in coming orders. It all depends on finally how the competition is how much is actually... I mean we continue to have a market leadership position in last three years so if we assume that that market leadership position at about 70% of the market continues, so we should see, I mean, the overall market size beginning to be higher we stand a good chance/
- Renjith Shivram:** Okay. So, around 15% kind of an order intake growth is possible given the opportunity for FY20?
- Sunil Wadhwa:** The target is definitely to improve it around that number, that's our target. We are working towards that.
- Renjith Shivram:** Okay. And in these substation kinds of ordering for this Green Energy Corridor, we currently have what kind of market share we have?



- Sunil Wadhwa:** Green Corridor is now coming only. When I say market share, its overall market share in India, all included. So, Green Corridor tenders are yet to be finalized, because that will depend upon who wins the tariff-based bidding and who therefore becomes the customer for the Green Corridors, and how we are placed with that customer. So, that is second stage. First is, projects are to be won by the companies like PGCIL or Sterlite or Adani, these are the players we all know about. We will know this by maybe another four or five months as to what market share we are getting into the Green Corridors.
- Renjith Shivram:** Okay. But overall we are confident that given the technology intensity in such kind of projects, we can still be able to get close to at least around 30%, 40% of this substation market in this opportunity, is that understanding correct?
- Sunil Wadhwa:** Look, I can only say, in the past what we have been doing, apart from as we said that the market leaders in terms of generation companies in overall market. But if you look at the segments, there are for example GIS segment, in GIS segment we have been in the region of 22% to 30% market share in the last two years. If that trend was to continue, I mean there is of course more competition, but at the same time, there is more work also. So, to retain that position it is not something which is not feasible, as I said, we are truly targeting to improve from that position.
- Moderator:** Thank you. We have next question from the line of Jonas Bhutta from Phillip Capital. Please go ahead.
- Jonas Bhutta:** Yes. Just to follow-up, basically just if you go through the list of these GE projects, most of them are like 400 kV, there is rarely, hardly any 765 kV. So, just connecting what Renjith was asking in the previous question, is there some technology-heavy portion within this you think that the competition that exists in the typical 400 kV segment would also participate in this? And hence, the strike rate could be lower despite of \$2 billion opportunity, but given that it is going to be like highly competitive, you would choose to sort of restrain your strike rate?
- Sunil Wadhwa:** Okay. Let me explain to you how the Green Corridors have been taken up. The Green Corridor's one part will be in the inter-state, the inter-state transmission lines links would have 765 kV and 400 KV because these are large sales. So, that \$2 billion would have something like, I would say, 50% - 50% of 765 kV and 400 kV, that's what we are seeing. When it comes to the states, ultimately because this Green Corridor will, ultimately the power has to flow into the states. So, intra-state feeders, I would say feeder or stateline you might call on the Green Corridor, would actually involve 400 kV and 220 kV, both. That would not have 95% of the cases 765 kV, in fact, there would be no 765 kV in the intra-state. The 68 gigawatts and the Leh Ladakh both inter-state lines, long distance lines.
- Jonas Bhutta:** Okay. So, basically, these are IFTF lines, which basically evacuate power out of Bhadla in Rajasthan and Bhuj in Gujarat. So, that portion only sort of is the \$2 billion opportunity. The ones that set of distribute that power to various states are going to buy that power



- Sunil Wadhwa:** Those intrastate lines would actually be mostly be done by the state TRANSCO. Some of them some state were also allowing TBCB for state lines.
- Moderator:** Thank you. We have next question from the line of Sagar Parekh from Deep Finance. Please go ahead.
- Sagar Parekh:** Sir, you gave us a good idea, a fair bit of idea on the Green Corridor ordering that is supposed to happen in FY20 and 2021. Besides that, can you give us some color on the base business outlook, how will that pan out for us for FY20 and 2021?
- Sandeep Zanzaria:** So, I think normally when you look at the transmission business, it is like evacuation of power where the generation was coming up, and then also interconnecting the various transmission schemes which are there. So, it's like the base business is now getting converted into the Green Energy Corridor, because now instead of thermal power generation, the generation source has changed from thermal to renewable side. So, when the Green Energy Corridors are coming and what are the intra-state, what Sunil was talking about going forward, this will be the base business which is going to be there.
- Sagar Parekh:** Okay. So, PGCIL, for that matter, will only be let's say 12 gigawatts into \$30 million, so \$360 million would probably be the PGCIL opportunity for us, am I right?
- Sandeep Zanzaria:** Yes, because PGCIL TBCB for example, there are certain critical projects which needs to be done on urgent time lines. So, PGCIL gets awarded those projects directly. But apart from that whatever comes under TBCB, Power Grid is also allowed to participate there as a concessionaire. So, when the participate as a concessionaire and whatever they win that's an additional Power Grid business that comes.
- Sagar Parekh:** Okay. And any color on the private side ordering, how is that shaping up for us?
- Sandeep Zanzaria:** So, private side, I think if you really look at the last quarter, we had one project which was there with Adani, which we had taken for Ghatampur and balance there are other packages which are still under bidding for TBCB. Once they get decided, this got delayed because of election, then there this private sector ordering will also pick up.
- Sagar Parekh:** Okay. And FY19 last year, out of the total order inflow how would that breakup be in terms of private, PGCIL and SEBs? You gave us a Q4 number, right?
- Sandeep Zanzaria:** Yes. So, 60% was private and remainder was between state and the central.
- Moderator:** Thank you, sir. As there are no further questions, I now hand the conference over to Mr. Suneel Mishra – Head (Investor Relations), for closing comments. Sir, over to you.



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Suneel Mishra:

Thank you, Vikram. And thank you, everyone, for participation. With this, we will conclude today's conference call. And in case if you have any questions or queries, please feel free to contact me or my communication leader, Mr. Anshul Madaan. Thanks again.

Moderator:

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