



GE T&D India Limited

L31102DL1957PLC193993

T-5 & T-6, Plot I-14, Axis House
Jaypee Wishtown, Sector-128
Noida-201304, Uttar Pradesh

T +91 120 5021500

F +91 120 5021501

www.ge.com/in/ge-td-india-limited

August 8, 2019

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
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 July 29, 2019

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on July 29, 2019 in respect of unaudited financial results for the quarter ended on June 30, 2019.

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 Q1 FY2019-20 Earnings
Conference Call”

July 29, 2019



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



*GE T&D India Ltd
July 29, 2019*

Moderator: Ladies and gentlemen, good day and welcome to the GE T&D India Limited Q1 FY2020 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 of Investor Relations. Thank you and over to you, Mr. Mishra.

Suneel Mishra: Thank you. This is 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 call to present financial results for the first quarter of the current financial year, 30th June, 2019.

Now, let me first introduce our management available on this call. We have with us Mr. Sunil Wadhwa – Managing Director; we have Mr. Gaurav Negi – Whole Time Director and Chief Financial Officer. We have also sitting with us Mr. Shailesh Mishra – Project Operations; we have on call Mr. Sandeep Zanzaria – Commercial Leader; also, we have with us Mr. Manoj Prasad Singh – Company Secretary; as well as Mr. Anshul Madan – Communications Leader.

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

I would now request Mr. Shailesh Mishra to begin this conference call, highlighting operations and execution achievements of the quarter. Thereafter, Mr. Wadhwa and Mr. Sandeep Zanzaria will take over and will give you an update on the order and market; followed by Mr. Negi who will be speaking on financials.

I will now invite Mr. Shailesh Mishra to begin. Over to Shailesh.

Shailesh Mishra: Thank you, Suneel. Good afternoon, everyone. So, some of the key executions which we did in the first quarter were:

220 kV GIS substation, which we built for Himachal Pradesh in Guantu. There was an HVDC transformer charge for Bhadravati Project which was a Power Grid project. 50 MW solar project which we did for Azure Power, and a couple of other substations like Saurya Urja, which we built in Bhadla, Rajasthan; and a 66 kV GIS substation which we did for Tata. Every Year we normally do a substation for Tata. so this was also key for us.

These were some of the key executions for quarter one. Over to Sandeep now for commercial activities.

Sandeep Zanzaria: Thank you, Shailesh. And I think the quarter from the transmission perspective was quite soft, primarily we are all aware due to the elections, because of Model Code of Conduct being in place,



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a lot of deficiency got deferred in the quarter, or after the government was formed, now we have seen the traction coming back into the market for the transmission sector. The key orders what we have won is like 400 kV converted transformer for Vindhyachal. So, like Salish said that we have already commissioned one for Bhadravati, this is a new order what we got from Power Grid. Then there is upgradation of 420 kV substations at Salakathi, Assam. We've taken orders for GIS substation from L&T from the Ranchi Smart City, and also for the revamping of the hotlines and control systems from NALCO Angul which is our own control center and the order have been taken.

If we really look at the orders, there is softness in the order, as I previously explained to you, that against the last year in the same quarter of about Rs. 612 crores, we have landed at about Rs. 418 crores. There were various opportunities of about Rs. 400 crores where we had emerged L1, but because of the Model Code of Conduct, the complete process took more time and these orders have got shifted into this quarter. The notable orders, major orders would be like West Bengal 220 kV GIS project, in J&K we have emerged L1 in one of the projects for network management system, which is to provide BMS control centers for Jammu and Srinagar. In network management side we have emerged as the lowest bidder for renewable energy management center for on-demand. Apart from that, for the private sector we have emerged the lowest for supplying the 400 kV GIS substation to Adani in Dhanbad. And also, for Tata Power in Delhi, one of the 66 kV GIS projects.

So, overall market if we really look at, I think after the elections they have picked up. There has been a series of TBCB projects which have undergone reverse auction for the developer side, which is for evacuation of Green Energy Corridor, and also for some state projects like Kerala Kasaragod or on the MP project of Guna-Bhind. And in continuation to this, there are many projects which are lined up for the reverse auction in the month of August and September, some part of Green Energy Corridor and some also part of UP state sector like the Meerut-Rampur project. So, there is a good amount of pipeline which is available. And also, to state what we have been putting during the first quarter, so some are now opening and will create a good pipeline for the Q2 which we are in today. So, this as from my side.

Gaurav Negi:

If you go to the next page, this is just the financial numbers on the orders. We did Rs. 418 crores of orders compared to Rs. 612 crores in the same period last year. But as Sandeep mentioned, we did have close to Rs. 400 crores of L1 positions, which did not close out in Q1. But nonetheless, we are in L1 position so these are going to get closed off in Q2. And with that, our order book stood at close to Rs. 5,950 crores, which is still equivalent to 1.5 years of revenue execution.

If you go to the next page, in terms of sales and execution. This was a soft quarter for us, if you see the trend that we have had over the past many quarters. Our revenue came in at Rs. 734 crores, which is down versus last year by 37%, which was close to Rs. 1,160 crores in the same period last year. Now there are largely three drivers driving the reduction in the revenue, the big one being the run-off of the HVDC portfolio, so it's close to Rs. 60 crores, which is not repeating itself.



We did have some stressed customers in our backlog, which are facing some pressure from a financial constraint standpoint, for which some of the executions were held back as we did not want to take any exposure on those accounts till the things improved with that particular customer. And then there were some instances where we had some execution that got moved from Q1 to Q2, so those are going to come in Q2 quarter. So, in aggregate, we closed at Rs. 734 crores, lower versus last year.

If you go to the next page, which is on the profit. Again, largely because of the softness in the revenue, the profit also came in lower. We had a profit after tax of Rs. 3.4 crores compared to Rs. 82 crores in the same period. So, given the lower revenue, the leverage didn't come through. So, as a result, profits were also low at Rs. 3 crores.

The last page is a summary of the financials:

Like I mentioned revenue at Rs. 734 crores, down 37%. EBIT or operating profit was Rs. 22 crores at 3%, given the lower leverage due to the lower revenues. And profit after tax was Rs. 3.4 crores in the current quarter.

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

Moderator: Thank you very much. We will now begin the questions-and-answer session. Your first question is from the line of Ranjit Sivaram from ICICI Securities. Please go ahead

Ranjit Sivaram: Sir, to start with, last quarter we had informed that there was some Rs. 200 crores worth of one order which due to some issues will get postponed to Q1. So, I am unable to understand, if you adjust for that then our overall execution in Q1 itself is kind of much muted. So, is there any other issue or is there any particular order, is that order still pending as a slow-moving order execution?

Sandeep Zanzaria: So, Renjith, Sandeep here. Yes right, that order which was like last quarter we had projected for this quarter, because of certain procedural reasons has again shifted to this quarter, which is like Q2. So, this is still a carry forward for us and we are expecting that to come in the month of August.

Renjith Sivaram: So, this order is under which head, is it a solar order or is it a private order or PGCIL order?

Sandeep Zanzaria: It's a government, it's a state utility order, but the procedural time like the time of finance between CFC, the state utility and the approval process is taking some time. So, that is why it's got stuck. It's not a private order, it's a government order. And the process time is bit elongated because of some approvals from financing company, CFC, takes time. So, we are expecting it to close in August.

Renjith Sivaram: And also you had mentioned that 65% to 70% of the order book starting is executable within one year. So, that trajectory and that traction continues, right, there is no risk to that trajectory? You



had mentioned that 65% to 70% of the order book is executable within one year during last quarter call, so that run rate continues or do you see some risk?

Sunil Wadhwa: Let me take it. The trajectory remains the same. In fact, going forward we are looking at even shorter schedules from the customers who are winning the TBCB projects for the Green Corridors where the delivery schedules are much tighter than what they used to be in the past. So, the answer is, the trajectory will remain or even slightly better.

Renjith Sivaram: And there was a Bangladesh HVDC technical bid, which we are expecting the price bids to be open July, August. So, is that still, what happened?

Sunil Wadhwa: The bid I understand was the schedule for today. They are still in the process of asking questions on the technical submissions to all the bidders. And the last discussions that we had about a month back, they are targeting September, by which time they should be able to finalize. But it might spill to October as it seems.

Renjith Sivaram: Okay. And lastly, the order book and order intake mix in PGCIL, SEB and private?

Gaurav Negi: So, as far as the order book is concerned, the backlog, 60% is private, 20% is going to be central, and the remaining will be state and others.

Renjith Sivaram: Okay. And order intake?

Gaurav Negi: Intake is keen towards more private, so it was at 70% to 75% is towards private.

Moderator: Thank you. The next question is from the line of Abhishek Puri from Axis Capital Limited. Please go ahead

Abhishek Puri: A couple of questions from my side. So, first, the material cost has actually declined for you despite dropping revenue rate. Could you comment on the pricing in the market, has that become worse or has that become better? Because I am referring to your annual report where you had mentioned that new Southeast Asian equipment companies have come in and they continue to bid aggressively. So, in that context I would like to draw your comments on this as well.

Sunil Wadhwa: I think this is a continuous process, if I may say. And one looks at what the competition is doing just to validate what our own findings are. And we also internally keep looking at cost optimization in response to the market pressures, and/or improving our margins. So, over the last two years we have seen quite a significant portion of what we thought we would be able to achieve on cost optimization has been achieved. So, I mean, there are some competitors, look at our balance sheet they would ask the same question that you are asking us. So, it's a continuous process of value engineering, cost outs, design improvements to bring the cost down.



Abhishek Puri:

Okay. In terms of your first comment, the opening comment was that the execution and orders have been delayed from Q1 to Q2, but the market activity, is it clearly reversing, are you seeing more amount of tenders? Because the Green Energy Corridor projects also are yet to be bid out to the private sector guys and then maybe it will come to the equipment manufacturers in terms of bidding. So, what are the realistic timelines that we should look at in terms of new order inflow?

Sandeep Zanzaria:

Indeed, you are right actually in your assessment. The last quarter, in fact, the last two quarters were impacted by two factors, one, of course the election code of conduct at the central level as well as some states like Rajasthan and others; the other was really the determination of what is the kind of infrastructure required for the remaining 100 gigawatts of schemes that are required to be approved at the central government level, the Empower Committee, for completing the 175-gigawatt evacuation. So, those in principle approvals were actually put in place by the empowered committee sometime in October last year. And following that were the specifications of those schemes to make it into a tenderable proposition. So, in short, the tender activity has picked up tremendously post elections, and especially the TBCB projects which have been approved, first phase is about 38 gigawatts, of which 12 gigawatts were nomination basis given to PGCIL and the balance are in the market for TBCB bidding. The remaining projects also the approval is there. Recently, the Ministry of Power has exercised its powers to request the CRC for speeding up the approval process. So, we expect the entire 100 gigawatts of infrastructure-related schemes for interstate to be tendered out, I would guess, in the next six months or so. There is no other option because they have to be completed by 2022 and the time it takes to complete those schemes.

The next phase is going to be, in fact it should have been a parallel phase, is to look at the states which will have to absorb this power would have to also set up the infrastructure to the extent where they are short of it. So, yes, the answer is that there as expected the trajectory was this way in the current year. And also I just want to mention that our -- over the last six months when we see, the order intake has been much lower than compared to last year's, I am looking at the last six months' overall position, because one quarter is too small a period to judge the pattern. And our order intake has been about 16% of the market, which has been also a market share that actually we had in the previous years. But if I add to that the orders which we have won in June, but could not get the orders within June and they are now in process partly we have received in July, partly we will probably get in August. If I add that to the market size and I add that to the order intake, for us it is close to about 19%. So, therefore the overall market size and the trajectory are actually getting reflected in our numbers.

Abhishek Puri:

And last question is on the order backlog. Have we taken out any orders or canceled any orders of about Rs. 150-odd crores is the gap that I see in the backlog calculations versus what you have reported?

Gaurav Negi:

Yes, there were some cancellations related to the old projects that we had, which were not moving.

Abhishek Puri:

Largely from the private sector side?



Gaurav Negi:

It was a private sector customer.

Moderator:

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

Renu Baid:

Sir, my first question would be just to understand a little more in detail. Last year, the way you broadly mentioned that two-third of the last year's closing backlog should be executable in the current financial year. So, just looking at the execution run-rate, the core T&D revenues itself have declined, and you have highlighted two or three reasons, of which, what could be the share of revenues impacted because of stressed clients, as in, clients which are facing financial closure or financing issues? And what would be the exposure to some of these stressed private TBCB clients in the backlog and in the receivables for us?

Gaurav Negi:

So, roughly Rs. 200 crores is what we are looking at as something which is stretched right now for us, related to a few customers. And from our receivable's standpoint, we have exposure up to Rs. 80 crores on those particular customers.

Sunil Wadhwa:

I just need to add that of these stressed customers, there were two types of projects, one was solar, and the other one was the TBCB. The solar project has recently got restarted, resumed with the intervention of the bank, so that's on stream. And the TBCB project which had to be suspended, I mean, they themselves said if this is possible because they are facing financial difficulties, but there is a movement in terms of someone else taking over their project with the approval of the bank, and that has now come to a very advance stage where the schedule remains the same as it was despite the hold-up in between. And we are also looking at diverting some of the slots to help that potential investor. So, hopefully what we are told is that that project should revise sometime in middle of August.

Renu Baid:

Right. Sir because I was broadly trying to look at the perspective that on a YoY basis also despite, I mean, excluding the HVDC share of the revenues there is a meaningful contraction in the non-HVDC revenues. So, what I am trying to understand here is, apart from this stressed order which was less than Rs. 200 crores, what other reasons do you think are responsible for this slower execution, is it also because there is a credit tightness with customers' payment delays, which could persist in the subsequent quarter, the following quarters also?

Sunil Wadhwa:

Payment delays, we have as of so far not really leveraged or levered stoppage of work to get the payments, though that strategy may have to resort to. So, that is not at all the cause, the cause has been this major one customer where we have by agreement suspended work. And as I said, the creditors are now looking at acquiring that particular project with the approval of the authorities.

Renu Baid:

Correct. What was the share of none, as in T&D essentially solar related revenues in the first quarter?

Gaurav Negi:

Very small.



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- Renu Baid:** Sir, basically are we still broadly on track to try and target flattish revenues for the year, given that the head start for the start of the year has been very weak and the credit tightness across a lot of customers continue? So, despite having an executable backlog there could be further constrained to target flat revenue, or do you think it's not feasible?
- Sunil Wadhwa:** We will have to catch up probably for the loss of revenue; it's not lost actually, deferment of revenue. So, we are still preparing our plans to how close can we come to the original plan, but since it's a tough task and depends on how soon the projects restart, the one project which we talked about restarts. Then also in one case some delay from the customer's side, customer's end customer being a utility in a GenCo, a generation project where there were a lot of changes in, not in the specification but the scope of work which necessitated us to stop the work in order to minimize wastage. So, that has reasonably been communicated to us so. This happens, but that's the major project for us which you are executing. So, there could be therefore some impact on overall revenue numbers, but the idea is to try and catch up as much as we can.
- Renu Baid:** Right. And sir, my second question was, we have highlighted that there were a slew of orders coming in from the state as well as from TBCB clients, probably towards second half of the year. But given that most of the peers in market have been starved of orders for the last one year, on the pricing side do you perceive the pricing environment to improve or broadly is the reading right that even in these orders which would be coming in, margins will continue to remain fairly competitive?
- Sunil Wadhwa:** See, here also I think what happens is that there are some customers who we, sort of, have a strategic sort of a tie-up, not lose tie-ups where, here we get a preference similarly from other competitor with some other customers. Since these are not all L1 tenders as far as we are concerned, these are new tenders for the customers. So, I don't see too much of plus/minus impact on our market share beyond this current scenario, because we are also continuously looking at optimization of our costs and designs to really give value to our customers.
- Renu Baid:** Sure. And my last question would be what is the scenario on the working capital and the debt side at the end of the quarter? Have you seen any of those matrices touching during the first quarter of the year?
- Gaurav Negi:** Yes. We have a little bit of these on the debt side, so it's similar to our Rs. 250 crores of debt. But on a net-cash basis, it's around Rs. 200 crores, because we do have cash. So, there is an uptick, but again this is largely because of delay in some payments from some of the customer accounts, which we are hopeful we will be able to get in Q2 early.
- Renu Baid:** And the net working capital or DSOs, how would they have moved over the last quarter?
- Gaurav Negi:** So, overall company working capital have gone up to the same extent of Rs. 200 crores, or Rs. 190 crores I would say. And it will be ranging around Rs. 1,000 crores of working capital.



- Renu Baid:** Okay. Sir, and if I can ask for one clarification. You mentioned some orders were canceled from the backlog, from which customers were they and what was the quantum of the order?
- Gaurav Negi:** It was around Rs. 150 crores. I can't give you the exact number.
- Moderator:** Thank you. The next question is from the line of Ranjit Shivram from ICICI Securities Limited. Please go ahead
- Ranjit Shivram:** Just clarity. This Rs. 200 crores worth of order was it pertaining to one customer or was it pertaining to more than one customer?
- Gaurav Negi:** One major customer and then there were smaller ones which were not a material amount, but in aggregate they add up.
- Ranjit Shivram:** And just to harp on this Green Energy Corridor, so what kind of timeline should we work out in terms of when the orders can be placed for the main guys and subsequently to us. So, is it realistic to assume that it will take in this quarter Q2 or will it be more towards Q3?
- Sandeep Zanzaria:** Look, the 100 gigawatts of scheme which I mentioned will take some time. But the 38 gigawatts to 40 gigawatts of scheme which have come up in the tender stage will not really all be ordered in this quarter; they will definitely get spread at least over two quarters. But the process has started. In fact, many TBCB projects have been closed. And we know where we stand in terms of those projects. And some orders are expected in this quarter, maybe next quarter as well from whatever where the standing is good.
- Ranjit Shivram:** And these will largely use GIS or it will be more of AIS in terms of substations?
- Sandeep Zanzaria:** Both.
- Moderator:** Thank you. The next question is from the line of Sumit Jain from ASK Investment Managers. Please go ahead.
- Sumit Jain:** Sir, sorry I have missed the number on net working capital.
- Gaurav Negi:** The net working capital went up by close to Rs. 190 crores to Rs. 200 crores.
- Sumit Jain:** Yes, okay. And the Rs. 200 crores of revenue which last quarter you said, I mean, just to understand it clearly, which got pushed to this quarter and again got pushed to the next quarter, is that the understanding correct so that the quantum remains the same?
- Gaurav Negi:** It was Rs. 200 crores of orders.



- Sumit Jain:** Which were into execution? So, what is the deferment of revenues that we think got pushed to next few quarters or next quarter?
- Gaurav Negi:** One big portion relates to one particular customer who is facing some financial constraints right now, so we have a contract with them. As a result, we are kind of holding back the execution till the financial position gets more clarity for that particular customer.
- Sumit Jain:** And the quantum of that is Rs. 200 crores, is that understanding correct?
- Gaurav Negi:** That will be close to Rs. 150 crores.
- Sumit Jain:** Okay. And when you say that the market share of your order wins was 16% and it could have been 19% had the orders that we could have received but did not receive in the quarter. So, the L1, when you include that, then that becomes 19% in the presentation that you have mentioned which got pushed to the second quarter?
- Sunil Wadhwa:** Yes. And I was talking about the last six months. So, if you include the orders which are L1, which are on top of the orders which we have received of about Rs. 400 crores, the overall market share comes to a that higher level of about 19%.
- Sumit Jain:** Okay. And what is the quantum of HVDC that is left in the order book?
- Gaurav Negi:** That will be close to Rs. 130 crores.
- Sumit Jain:** Okay. And are there any now slow-moving orders that are left in the order book after this cancellation of, or removing out of Rs. 150 crores from the order book?
- Gaurav Negi:** It's again the same one that I mentioned that are in the execution approximately Rs. 200 crores still in the order book. So, depending on which way the customer is able to solve the financial issues that they are facing right now, that is what we are classifying as slow moving right now.
- Sumit Jain:** Understood. And the 100-gigawatt opportunity that we are talking about, overall, that would translate into what kind of order opportunity for the, I mean, overall order opportunity? And within that, what is the addressable opportunity for companies like us?
- Sunil Wadhwa:** We have initialized there is another few tenders which were sorted and some idea of the work that is required. So, I have not calculated the total scheme value for the TBCB players, but what we will address in that I guess would be ranging between \$15 million to \$25 million per gigawatt, depending on whether it's a bay extension or it's a new bay or a new substation. So, I guess somewhere around close to \$2 billion would be the substation or whatever we address in terms of grid automation and substation work to take care of the 100 gigawatts of evacuation.



I don't want to comment on the remaining part, but I guess it would be at least overall twice of that, because the line would be also pretty high substantial. These are all locations which you need to have interstate connectivity, and these are meant for interstate transmission, so the distance is going to be quite big. So, that's the proportion that we are talking about. And this excludes this one project which is for evacuation of 23 gigawatts of power from Leh-Ladakh which will come in three phases as per the current schedule of the government. And the first one is under active discussion, the 7.5 gigawatts by SECI. And so last-minute adjustments of the specs, the CUF and the energy mix of wind and solar is all being discussed. But my own assessment is that the 7.5 gigawatts will need another somewhere around \$1.5 billion to \$2 billion worth of opportunity for HVDC projects for companies like us. And ordering of that could be, let's say, six months from today is my personal assessment, looking at the speed at which the management is going. I tend to believe it will be six months from now that we see those tenders coming up, in addition to the 100 gigawatts of schemes which are interstate.

Sumit Jain: And any update on Bangladesh HVDC? And a few quarters back we have spoken about digitalization projects. So, any opportunity there and how much digitalization projects that we have currently in the order book?

Sunil Wadhwa: The Bangladesh project we have submitted our bid, the price bid is not yet submitted, though the technical bids have been submitted and they are under evaluation. And questions have been addressed to all the bidders. And so we have been told that there is going to be a meeting of all the qualified bidders. It was scheduled for July, might go into August, there was a tender committee scheduled today. So, it's in process and they need it urgently.

Sumit Jain: And what is the quantum likely in that order?

Sunil Wadhwa: I do not really want to comment on this. But the last order of this kind, the last project of this kind which was there in Bangladesh was somewhere around EUR 130 million to EUR 140 million. And it was a similar project so let's see how that kind of a project gets valued in today's scenario.

Sumit Jain: Sure. And digitalization projects, anything that we have in the order book?

Sunil Wadhwa: We are expecting a project, an order from one of the states for about close to Rs. 200 crores, Rs. 178 crores-plus something. And so that is an order which has been won by us, and it's in the process of the final approvals at different stages in that state. It got delayed because of the project is now funded by the APDRP grant from the Government of India will get routed through PFC. And that item will be extended and revalidated, so that process has been completed. That's reflected in the Rs. 400 crores that we had mentioned that others won. There are more states which are coming up with these kinds of tenders for the 00:39:13 related projects for discoms.

Moderator: Thank you. The next question is from Kunal Sheth from B&K Securities Limited. Please go ahead.



- Kunal Sheth:** Sir, I just wanted one clarification. You mentioned that this Leh-Ladakh project is a 23-gigawatt project, right? Sir, the opportunity size you mentioned of \$2 billion is for the 23 gigawatts or on the first phase?
- Sunil Wadhwa:** No. That is for the first phase of 7.5 gigawatts.
- Kunal Sheth:** Okay. And this is HVDC opportunity?
- Sunil Wadhwa:** Yes. This would be basically from Leh-Ladakh to some place in Haryana as of now it is Kaithal and one location in UP. So, there will be substation on both sides.
- Kunal Sheth:** And sir, these 100-gigawatts of Green Corridor opportunity that we are talking about, why for the 38 gigawatts ordering can happen in the next two quarters. What is the timeline we have mentioned for these 100 gigawatts?
- Sunil Wadhwa:** As I had mentioned to you, the Ministry of Power has written to the CRC to fast track the approval process for the balance. The in-principle approval of the empowered committee has been given, that's public information so I am not talking from any personal knowledge about it, and as communicated by the officials of the MNRE. So, what they are trying to target is that all these schemes should convert into orders and execution must happen by 2022 in phases. So, if you work backwards, this would actually have to be, I mean, if you work backwards to meet this schedule, it will have to be the current quarter plus two more quarters I would believe. In this financial year I guess all those projects would have been tendered out and decided.
- Moderator:** Thank you. The next question is from the line of Koundinya N from JM Financial Limited. Please go ahead.
- Koundinya N:** Sir, just want to understand on the EBITDA margins. I understand that it's only a quarterly thing, but where do we see it going maybe by FY20 or FY21?
- Gaurav Negi:** Yes. So, like maintained in the last financial year, it was in the high single-digit side, and continuing to maintain that same position, it's going to be in the single-digit range for us, at least in the current financial year.
- Koundinya N:** Okay. Sir, and on the revenue side you said that flattish, will it be possible or can we see a shortfall on that extent on the revenue side?
- Gaurav Negi:** Yes, it's going to be a bit challenging given that the reference point is also HVDC; we did have a HVDC execution in the last financial year. So, we've got a headwind from that. So, maintaining the same level will be a challenge. But nonetheless, depending on the new order book that is getting generated and given the shorter cycle time that the new order book will have, we will see to what extent we can close that in the given financial year. That is going to be a challenge.



- Koundinya N:** Okay. Sir, on the opportunity side you spoke of 100 gigawatts of opportunities. But I think there are 66 gigawatts which have been mentioned by the Ministry recently, with 20 gigawatts under Phase I and balance 30 gigawatts under Phase II. So, are you speaking about the same thing or this is something different? Pardon me for my question.
- Sunil Wadhwa:** No this is the same thing. All the Green Corridors collectively are going to be adding up to 100 gigawatts, in addition to the 75 gigawatts which already exist on the ground. So, there are very different ways, versions of that, but they are totaling up to 100 gigawatts, 100.1 gigawatts to be precise. And so that is there, and the HVDC is in addition to that. Now obviously, what will come up, which schemes will finally come up by is a question, depends on the appetite of the TBCB players as well as the capability of the manufacturers and the contractors to be able to complete those jobs, but this is mammoth.
- Koundinya N:** Okay, understood. Sir, and lastly, you spoke of this opportunity size here. So, I'm just trying to understand, can we take the 16% or 19% conversion rate in there?
- Sunil Wadhwa:** No, I have just told you what it has been and what it has been normally. So, while the endeavor will be always to continue to improve, but there is no such basis I have to say that we can resume this kind of an intake.
- Moderator:** Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Funds. Please go ahead.
- Bhavin Vithlani:** Could you highlight on the HVDC, we understand from Power Grid that there has been a time overrun vis-à-vis their expectations. So, have we got a sign-off from them on the time extension? And what is the part of HVDC on the CK-2 which is pending? Some color on that execution would be helpful.
- Sunil Wadhwa:** So, this has been under discussion. In fact, there are two parts to this project, one is the offshore part, which is not in our books; and the other is the erection part which is in our books. And there are of course interdependencies also. So, that's been discussed, and what was agreed was that we complete the project that is going forward, and then the orders are generally communicated.
- Bhavin Vithlani:** Okay. So, the client has not yet signed off on the extension, is that correct understanding?
- Sunil Wadhwa:** Yes. When you say extension without ending, that will be signed in whatever form once we complete the pull forward.
- Bhavin Vithlani:** Okay. Could you attribute some, like the time overruns also to fall in the margins in the current quarter?
- Sunil Wadhwa:** You are talking what, sorry?



- Gaurav Negi:** No. The discussion related to UP is going to happen post the commissioning of Q4. There's already dialogue, I think the focus right now is to commission pull forward first. But the discussions do continue in parallel. As of now there is nothing which is planned for the current quarter.
- Bhavin Vithlani:** Okay. Sure. Lastly, on a full year revenue basis would it be possible to highlight what is the share of GIS as a percentage of revenue? And are we seeing a mix improvement or deterioration going forward?
- Sunil Wadhwa:** Full year revenue basis?
- Bhavin Vithlani:** Full year.
- Gaurav Negi:** Somewhere around 15% to 20% is the range.
- Sunil Wadhwa:** The only one indication I can give you is that the order intake last year for GIS was at a market share of 30% to 32%. So, I think this conversion of this number in execution maybe we can get back once it will be more precise?
- Gaurav Negi:** Mr. Bhavin, we can get back to you. But 15% to 20% of the total revenue would be the GIS.
- Bhavin Vithlani:** Sure. And what would be the contribution of the automation related projects?
- Gaurav Negi:** Again, around 15% to 18% is the grid automation for us.
- Bhavin Vithlani:** Okay. And what would be the market share in grid automation?
- Gaurav Negi:** I don't have that handy.
- Bhavin Vithlani:** No problem. And the SVC that PGCIL was speaking about, do you see that any possibility that could be revived in future as the share of renewables is rising, the share of wind farm power is rising?
- Shailesh Mishra:** No, I don't as of now many HCDC projects are there in the revenue pipeline. Few one or two were talked about from Gujarat, and they have also not materialized. So, we think in future not many.
- Sandeep Zanzaria:** So, there with the renewable rising, yes, you are right that there is a talk of share of rising of HVDC projects. And there is a progression which is going on in one of the states. So, but the result of that in terms of opportunity pipeline will get realized next year, but not this year.
- Bhavin Vithlani:** Okay. And on a steady-state basis how large could be the grid automation market, any color on that will be helpful, very rough cut?
- Sandeep Zanzaria:** That would be like close to about \$300 plus million Dollars.



- Moderator:** Thank you. The next question is from the line of Ranjit Shivram from ICICI Securities Limited. Please go ahead.
- Ranjit Shivram:** Sir, just a small clarification. This \$1.5 billion to \$2 billion of HVDC opportunity you had shared for the total 23 gigawatt or is it for the 7.5 gigawatt?
- Sandeep Zanzaria:** That will be for the 7.5 gigawatt.
- Ranjit Shivram:** So, this will be \$1.5 billion to \$2 billion of HVDC?
- Sunil Wadhwa:** Yes.
- Ranjit Shivram:** And when this capacity increases some 7.5 gigawatts, will there arise another opportunity or the same thing only there will be some augmentation?
- Sandeep Zanzaria:** So, it will be like probably some part of the transmission lines could be used as the common when it goes from 7.5 gigawatts will be higher. But for the conductor station part, definitely the new capacities needs to be built in. So, like the HVDC part would be new and would be incremental, but transmission lines may not be fully new, but there might be some new and some incremental.
- Ranjit Shivram:** So, probably when that 7.5 gigawatts increases to 23 gigawatts, the opportunity size can be a bit lower because of the transmission line, which will be required?
- Sandeep Zanzaria:** But when we are talking about this \$1.5 billion, it is for the HVDC part and transmission lines are not included in that.
- Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to Mr. Suneel Mishra for closing comments.
- Suneel Mishra:** Thanks. And thanks, everyone, for your participation. With this, we conclude today's conference call. In case if you have any other question to be asked, then please feel free to contact me or our Communication Leader, Mr. Anshul Madaan, on the e-mail ID given at our website. So, thanks again.
- Moderator:** Thank you. On behalf of GE T&D India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.