



Outlook on power transmission line and its future

Over the past year, central government's focus toward transmission has increased buoyed by the availability of sufficient generation capacity and resolution of fuel supply issues, the government's focus has turned toward reducing transmission constraints and ensuring seamless power transfer across and within states. "An extensive network of transmission lines has been developed over the last year for evacuating power produced by different electricity generating stations and distributing the same to the consumers," states Sharan Bansal, Director, Skipper Ltd while speaking about the power transmission line industry perform during the past one year.

"The growth in transmission network in terms of both line length and transformer capacity has been more pronounced at the higher voltage levels and witnessed exalted participation from private players in TBCB transmission projects undertaken by the Ministry of Power," adds Bansal.

While informing about the capacity addition Anil Sardana, CEO and MD, Tata Power says, "The power transmission sector in the country has seen robust capacity addition in 2015-16. As per the CEA, between April 15 to November 15 at an all India level 15,721 Ckms of transmission lines have been added in the (+/-) 500 kV HVDC, (+/-) 800 kV HVDC, 765 kV, 400 kV and 220 kV voltage level. As on September 30, 2015, total transmission lines added (AC and HVDC) is 3,29,158 Ckms. Target for March 31, 2017 is 3,64,921ckms. In comparison, in the complete financial year 2014-15 around 18,000 Ckms of lines were added at the 220 kV and above voltage levels."

Transmission lines industry set for high growth

However Sanjay Bhagat, Vice President, Power Transmission, Bajaj Electricals Ltd observes, "Last year relatively fewer transmission line EPC orders were awarded mainly due to shortage of funds with central power utility as commercialisation of various ongoing projects could not be achieved. For most of the players in this sector, last year was not exciting as the capacities remained under-utilised. Due to limited projects in the market and higher idle capacities, many EPC players also compromised with business margins while picking up fresh orders."

Outlook for 2016-17

Sharing views on the outlook for 2016-17 Bansal says, "T&D investment is high on government priority and power evacuation constraints and high transmission losses have attracted the attention of policy makers for more investments in the transmission infrastructure space to match the investment in power generation."

The government has taken strong agenda for 'Power for All' and announced several schemes to catalyse the growth like dedicated green energy transmission corridors are being developed to cater to renewable energy projects.



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Sanjay Bhagat,
VP, Power Transmission,
Bajaj Electricals Ltd.

"Now the government is encouraging investment in transmission lines from private sector. Therefore, total investment in transmission line is likely to increase significantly. With more emphasis on 'Electricity for all' and 'Make In India' initiatives, we expect high growth in this sector for at least next five years," states Bhagat.

He adds, "We expect enhanced business opportunities for EPC players as well as the manufacturers engaged in transmission line sector during the current financial year."

Major growth drivers

Central government has announced new rescue plan UDAY (Ujwal Discom Assurance Yojna) which provides a permanent resolution of past as well as potential future issues of the power sector and empowers the discoms to break-even in next 2-3 years. Land acquisition bill is also under discussion and is expected to be concluded in this financial year. This is expected to boost the stalled projects as well as will ensure timely completion of all future infrastructure projects including transmission lines.

"Progressive reforms in energy policies have shifted India's energy sector focus from a predominantly government-owned and sponsored system towards market driven principles, thus, offering a level playing field for public sector and private players supplying quality energy to consumers at reasonably regulated prices. The sector is largely liberalised, allowing for private investment in the entire value chain - generation, transmission and distribution, including renewable energy," observes Bansal.

Current year budgetary allocation towards schemes in the power sector are up by over 50 per cent to ₹ 12,200 crores, with almost half to strengthen urban electrical network, smart metering and city-level GIS. With an objective to provide 24/7 power across the country the government has announced several schemes for strengthening of transmission and distribution, separation of feeder and metering of power to consumers. Further, growth in the sector will be catalysed by the government's support to discom and decision to create 100-smart city, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Restructured Accelerated Power Development and Reforms Programme (R-APDRP), and North East India transmission investment.



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Sharan Bansal,
Director,
Skipper Ltd



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Anil Sardana,
CEO and Managing Director,
Tata Power

Future roadmaps

Tata Power aims to generate 18,000 MW and engage with 4,000 MW of distribution by 2022. Towards this end, it has various projects in the pipeline. The company also plans to keep fuelling its multi-fold growth across the power value chain. The company sees opportunities in the power sector, particularly renewable energy and distribution and in turning around stressed assets.

"Tata Power is looking to acquire debt-laden, distressed assets to bolster capacity and earnings. We are exploring multiple options, both green-field and through possible acquisitions, and we and will continue to evaluate opportunities to acquire projects in various stages of development across the country," informs Sardana.

While informing about Skipper's roadmap Bansal says, "Our first nine month performance improved significantly owing to balanced growth across all business segments of the company, the net sales of the company increased to ₹ 939.62 crores, achieving a growth of 22 per cent and operating EBITDA margin remained strong and consistent at 13.6 per cent."

He adds, "On a consolidated basis we plan to grow at more than 20 to 25 per cent for the next 3 year with a sustainable EBITDA margin of 13 per cent plus."

Transmission line business unit of Bajaj Electricals has performed reasonably well in financial year 2015-16, informs Bhagat. Sharing about how his company plans to improve the business Bhagat says, "To improve our business margins in the present scenario, we are picking up more orders with shorter completion period. Our better project management skills put us in an advantageous position vis-à-vis our competitors. Consequently we have also been able to reduce our working capital requirements significantly."

As share of investment in transmission sector by private utilities increases, new EPC business models shall evolve. There shall be strong demand for EPC players who are able to give one stop solution for the transmission sector and find innovative ways to complete quality jobs well within the set timelines. With that in mind we are focussed on developing our capabilities, besides conventional transmission lines, in other related business areas like usage of monopoles for transmission lines, construction of EHV sub-stations and laying of under-ground EHV cables, concludes Bhagat.