February 11, 2025

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: GVT&D**

Dear Sir/Madam,

Sub: Transcript - GE Vernova T&D India Limited Earnings Call for Investors held on February 5, 2025

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Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on February 5, 2025, in respect of Un-audited Financial Results of the Company for the third Quarter ended on December 31, 2024, of the Financial Year 2024-25.

This is for your information and records.

For GE Vernova T&D India Limited
(Formerly known as GE T&D India Limited)

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GE Vernova T&D India Limited

Third Quarter of Financial Year 2024-25

Earnings Conference Call

February 05, 2025

MANAGEMENT: **MR. SUSHIL KUMAR – WHOLE TIME DIRECTOR AND CHIEF FINANCIAL OFFICER**
MR. SANDEEP ZANZARIA – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR
MR. ABHISHEK SRIVASTAVA – HEAD, BUSINESS OPERATIONS
MS. KANIKA ARORA – COMMUNICATIONS LEADER
MR. NIMAI VERMA – COMPANY SECRETARY
MS. MEGHA GUPTA – LEAD FINANCE SPECIALIST - FP&A OPERATIONS

Moderator: Ladies and gentlemen, good day, and welcome to GE Vernova T&D India Limited 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Megha Gupta from GE Vernova T&D India Limited. Thank you, and over to you, Ms. Megha Gupta.

Megha Gupta: Good evening, everyone. We welcome you all to the GE Vernova T&D India Limited Earnings Call for Third Quarter of Financial Year '24-'25. I'm Megha Gupta from GE Vernova T&D India Limited Finance and Investor Relationship team. During the call today, we will discuss company's financial performance, including operational highlights and will share key updates. Towards the end of the presentation, we will have a dedicated question & answer session.

Also, I would like to highlight that today's discussion may contain few forward-looking statements which are subject to risks and uncertainties. These statements are based on our current expectations and actual results may differ materially from those expressed or implied. We encourage you to refer to our public filings and documents for a comprehensive understanding of the factors that could impact our future performance.

Now, I'll introduce GE Vernova T&D India Limited management team available on the call. During the call, we are joined by Mr. Sandeep Zanzaria, CEO and MD of the company; Mr. Sushil Kumar, Whole-Time Director and CFO of the company; Mr. Abhishek Srivastava, Head, Business Operations; Ms. Kanika Arora, Communications Leader; and Mr. Nimai Verma, Company Secretary of the company.

Now, I'll hand over to Mr. Sandeep Zanzaria to begin the discussion.

Sandeep Zanzaria: Thanks, Megha. Good evening, everybody, and welcome to our third quarter earnings call. The investment super cycle in the power sector is accelerating, coupled by the increasing demand for reliable power generation, grid modernization, and decarbonization efforts. Notably, India is emerging as a pivotal player in enhancing the grid infrastructure. Recent advancement underscores India's significant role in advancing grid modernization and sustainability.

Demand for our products remains strong as customers modernize and invest in critical grid components such as transformers, switchgears, control relay panels, software solutions, and HVDC systems, which are essential to ensuring a reliable electricity system and effectively connecting new generation sources. There's growing emphasis on improving grid efficiency and reducing T&D losses.

India is also quickly adopting robust cybersecurity measures to protect its grid infrastructure from potential vulnerabilities. As the grid becomes increasingly interconnected and reliant on digital technology, safeguarding infrastructure against cyber threats is paramount. These trends create significant opportunities for our company to leverage, expertise and innovate solutions to meet the need of the sector.

With this in the background, let me talk about quarterly performance. Our order book Q3 saw bookings of INR20.8 billion, down by 12% year-on-year compared to INR23.7 billion in quarter ended December '23. In last year, we had a significant large transformer order, and excluding that order, the order book has grown significantly.

The highlight of the quarter is receipt of the orders from Sterlite Grid for 765 kV, GIS, transformers, shunt reactors for the renewable evacuation from an REZ in Gujarat. Our order backlog stood at INR107.8 billion as at December '24 versus INR62.7 billion as at March, up by 72%. This is a record high backlog, which company has achieved and gives us strong visibility of revenue for next few years.

Our Q3 revenues stood at INR10.7 billion versus INR8.4 billion in Q3 FY '23-'24, up by 28%, with a notable increase in our profits. Our profit before tax for Q3 '24-'25 was at INR1,899 million compared to around 730 MINR in Q3 of previous financial year. Cash and cash equivalent balance improved, and stood at INR8.6 billion as on 31st December versus INR2.8 billion as on 31st March 2024. The improvement in balance sheet paved the way for company to generate cash of INR1.9 billion during quarter 3 FY '24-'25 and INR6.4 billion for 9 months FY '24-'25 before dividend payment.

Market dynamics continued to drive strong demand, and our focus is on maintaining profitable growth by capitalizing on this increasing demand for advanced grid technologies. We have built a strong foundation in 2024 with solid orders and revenue growth as well as significant margin expansion and cash generation. We will continue on this path with commitment to lean principles and operational efficiency. We thank you for your continued support.

I now invite Abhishek to provide further insights.

Abhishek Srivastava: Thanks, Sandeep. So, good evening, everyone. I will take you through the key operational highlights, the key execution successes that we achieved in the last quarter. The first project that we successfully commissioned was Reliance Jamnagar, the Phase 1 of the new energy complex that Reliance is building at Jamnagar. So, we partnered with them, and we were able to complete this complex and challenging project within the defined timeline.

Another key project, which is instrumental for evacuation of the large amount of renewable power being generated in Khavda. So, we are partnering with Adani and there, we had commissioned our 400 kV GIS project through which the power is being evacuated to other states all across India.

Similarly, for Power Grid, we had commissioned 400 kV AIS switchyard at Lohardaga, and another key success for us in the last quarter was completion of Dhalkebar, 400 kV GIS project. So, this project has been commissioned ahead of the hydropower plant readiness. Once the plant is ready, this particular project will enable to get the hydropower from SAPDC project in Nepal to India. So, this is another key transmission element which is being -- which has been developed by GE.

In addition to that, we had been instrumental in augmenting the existing networks. So, we worked with KPTCL at Hoodi, and also, we had partnered and worked with Hindalco and NTPC and commissioned and augmented their transformer install base and certain GIS base. So, all along, our endeavour has been to strengthen the transmission network for the country, and we have been partnering with all the active customers and completing the projects up to their expectations.

So, I hand over to Sushil to take us further.

Sushil Kumar: Thanks, Abhishek. Good evening, everyone. I'll be talking about the financial performance. On Page 5 of the presentation, talking about orders, we achieved an order book of INR20.7 billion in this quarter, compared to INR23.6 billion in the corresponding quarter last year, while apparently, it looks to be a degrowth. But last year, as Sandeep mentioned, we had a significant order of INR8 billion for HVDC transformer orders from U.K. Grid Solutions for end customer in Korea.

So, if we exclude that order from the last year, because this was one large exceptional order, so last year, order booking on a like-to-like basis was about INR15.6 billion. And from that INR15.6 billion to INR20.7 billion in this year, current quarter, this represents about 32% growth.

And similarly, on a full year basis, we achieved order book of INR77.8 billion compared to INR44.5 billion in the last year, which represents 75% growth. Some of the key orders that we booked during the quarter 3, were related to supply, installation and commissioning of 765 kV transformer, shunt reactor, and gas insulated switchgear for renewable energy company for Sterlite Grid in Gujarat and 400 kV/33 kV AIS package for 1.4 gigawatt solar plant from a renewable power generation company.

Another significant order that we had was for installation of 765 kV live tank circuit breakers and current transformers from a renewable energy company -- from a leading EPC group; installation of 200 kV GIS substation powering for that data center in Mumbai region from an EPC group.

And in addition, we had few high-voltage product packages and couple of large export orders, mainly from Portugal and Spain. So, overall, we received orders from various EPCs and utilities, power generation company as well as export market, expanding our reach and diversified our customer base.

Moving to Page 6 on the profit and loss performance. This quarter, we did INR10.7 billion of revenue. This represents 28% growth versus the corresponding quarter in the last year. We achieved an EBITDA of INR1.8 billion compared to an EBITDA of INR966 million in the corresponding quarter last year. This is a significant increase, almost about 80% increase in the EBITDA on quarterly basis.

Last year, the INR966 million EBITDA was about 11.5% of revenue, whereas the current quarter EBITDA is about 16.7% of revenue. So, again, a significant, about more than 5 percentage point increase in EBITDA compared to the last year. Similar improvement in profit before tax. So, we achieved profit before tax of INR1.9 billion, representing 17.7% of revenue compared to INR730 million, representing 8.7% of revenue. So, this was quarter 3 performance.

Similar improvement and robust financial improvement is reflected on a 9-month basis. On a 9-month basis, we achieved a revenue of INR31.3 billion. Just to highlight this INR31.3 billion revenue is almost equal to the revenue we did in the entire financial year '23-'24. So, in 9 months, we are able to deliver what we did in the entire financial year last year. And this INR31.3 billion of revenue represents 39% increase on a year-on-year basis.

On the EBITDA front as well, 9 months, we are achieving an EBITDA of INR5.6 billion, which is 18% of revenue compared to INR2 billion in the last year, representing 9.2% of the revenue, and a similar improvement in the profit before tax.

Moving to the next page in terms of the composition of orders and revenue. So, quarter 3, we had an order booking of INR20.7 billion. 85% of the orders were from domestic market and about 15% from export market. On a 9-month basis, out of INR77.8 billion of orders, about 61% orders are from the domestic market and 39% from export.

On the revenue side, we had INR10.7 billion of revenue, 78% coming from domestic market and 22% from export. On a 9-month basis, we had a revenue of INR31.3 billion, 73% of which from domestic and 27% from the export side.

As Sandeep mentioned, we have the highest backlog of INR107 billion now. Of this backlog, 68% backlog is from the private customers and INR29 billion or 28% of the backlog is from the central utilities and public sector enterprises and a very small INR4.6 billion or 4% of the backlog of order in hand is from the state utilities.

So, with that, we can now open up for the questions.

Moderator: Our first question comes from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question is on the gross margin. I think you reported a gross margin of 37%. Are there anything one-off in this quarter? Because the last time, I think we had hinted one-offs. So just checking whether there's any one-off in this particular quarter?

Sushil Kumar: No, nothing significant. So, it's a very operational margin that we had this quarter.

Mohit Kumar: Understood sir. My second question is on the HVDC Leh Ladakh. Are we in the contention, and why there is a delay from the Power Grid to finalize this tender? Is there any -- can you throw some color?

Sandeep Zanzaria: So, we don’t talk about specific project-related opportunities. Definitely, we have said it many times in the past that we are a serious player of HVDC. In fact, globally if you look at, GE Vernova booked more than 2 orders in the last quarter. So yes, we are quite serious about the HVDC business in the country, and would aim to take a decent market share of that. Also, in addition to that, I think Leh Ladakh is getting delayed because of multiple reasons, but probably that's more at the Powergrid end and not at the EPC end..

Moderator: The next question comes from the line of Umesh Raut from Nomura India.

Umesh Raut: Congratulations for the good performance in this quarter. Sir, my first question is regarding overall macro environment, which is currently kind of witnessing more of a moderation in public capex. And we have also seen moderation in power consumption growth in first 9 months of FY '25. So, in your assessment, have you seen any kind of a moderation in T&D ordering momentum in domestic market?

Sandeep Zanzaria: So, Umesh, if we talk about up till this quarter, at least we are not seeing any slowdown in this quarter which is ongoing. I would say just that we are not seeing too many large opportunities getting decided this quarter creating traction in the next quarter. If we have few new projects which are rolled out by the government on the TBCB space in this quarter, then that traction will continue.

Umesh Raut: Got it, sir. So, do you think there is any postponement of ordering probably by another 1 quarter that is what you are reflecting in terms of delay in TBCB tender?

Sandeep Zanzaria: I will not put it as postponement of 1 quarter, because we still have sufficient time. we are in the first week of February, and opportunities coming in now will have the same momentum going forward also.

Umesh Raut: Got it, sir. Sir, on the export side, how you are assessing demand, especially from parent side? And then, from other -- beyond parent business as well, how you are thinking about getting larger orders, which we have received in last few quarters? And if I talk about probability of winning HVDC in domestic market as well, I think how do you think you are currently placed, considering that at a global level, at least in Europe region, you have a very good strike rate of winning HVDC projects, especially even on VSC-based as well?

Sandeep Zanzaria: So, I'll first answer the export part of it. So, I think we constantly, with our parent, keep on evaluating the opportunities which are there in the export market and depending upon which factories, which voltage, which type of product is acceptable, whether the Indian factories are producing that specific voltage, that specific technology. Accordingly, we do have a strategy of the participation.

Second, I think India being a much better cost structure, definitely, we are one of the preferred. But ultimately, at the end of the day, in that specific utility, the Indian factory should be approved. We are constantly expanding our export domain, and we are now quite engaged in practically a large part of the globe in terms of export.

As far as HVDC is concerned, definitely we are winning large projects in Europe. I would put it as that our possibility of winning HVDC in India is equally good. We are engaged with the customers and just waiting for few outcomes to happen.

Umesh Raut: Got it, sir. Sir, my last question is on revenue side. If I look at our export revenue for the quarter, there was a drop of about 29% on year-on-year basis. Was there any particular reason behind this fall?

Sushil Kumar: No specific reason, Umesh. This just depends on the phasing of the projects. And as you see that we have booked significant orders from the export side in this year and in the backlog as well. So, we expect revenues to pick up from the export side in the coming quarters.

Umesh Raut: Got it, sir. And is it fair to assume that with pickup in export revenue, our share of revenue from exports, you will have an optically better margins to showcase?

Sushil Kumar: Instead of talking about margin, I think overall, we have always talked about profitability at EBITDA level, and we talked about mid-teen to high-teen as a range, and we are already there. So, on a 9 month basis, we have an EBITDA of about 18%, which is rather on the higher end of the range. So, we'll continue to look for the improvement opportunity, and if we get the ways and means to improve, we'll continue to work in that direction.

Moderator: The next question comes from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Yes. Hi, Sandeep, Congratulations on a great quarter. So, my first question is that the entire story around the renewables is well known and established over the next decade. And given we've been also talking about and being bullish on the commentary, so some of our peers have announced large capex plan like CG Power and Hitachi.

So, as investors and analysts, we also wanted to understand your views on how you're looking at capacity expansion, whether within your plants, there is possibility of brownfield expansion, is the land available? So, over the next 5, 6 years, how do you think you will address the demand both from global market and domestic market given that the pipeline looks strong.

So, what kind of investments have you planned out here?

Sandeep Zanzaria: So, Parikshit, as we've said last time also that we are constantly evaluating these opportunities. In fact, there is an expansion, which is already happening -- which is happening at our transformer factory. And also, we are looking at other product lines as well where we can do the expansion. I think this is a constant thing which we keep on evaluating, depending upon the long-term demand and the capability and capacity what we have.

At any point of time when we feel that we need to go for a greenfield expansion and all, we will take a due decision at that point of time. Just to answer, yes, in many of the factories, we do have space where we can do a brownfield expansion.

Parikshit Kandpal: But given the current capacity, so what percentage or how much can you ramp up? I think I understand you're close to about 20,000 MVA plus capacity. So, what kind of expansions do you think you can do in a brownfield manner?

Sandeep Zanzaria: That will also depend upon what kind of capacity expansion we want to do. So, we have a pretty large space available at Vadodara, for expansion. Decision we will take when the time is right.

Parikshit Kandpal: But would you like to quantify the -- at least this year capex, at least for next -- FY '26 and '25, what kind of capex you have planned already for expansion?

Sushil Kumar: I think in last call, Parikshit, we talked about $8 million to $10 million or about roughly INR800 million of capex that we plan.

Parikshit Kandpal: For FY '25? And what about '26?

Sushil Kumar: No, no, that was for FY '25-'26, because FY '25 is already largely over.

Parikshit Kandpal: Okay. Just on HVDC side sir. You think that and you're saying that something should work out. So, I mean, what exactly do you mean by that? Is it -- I mean, the technology, I think you already have both LCC and VSC? So, do you think that even like the current packages like Fatehpur, this Bhadla. So there, already I think the discussion is ongoing. So, are you okay to even take part of the package or -- so those kind of thing can also happen?

Sandeep Zanzaria: Parikshit, just to give you an idea, so for Fatehpur-Bhadla, yes, we are engaged and we are waiting for the outcome from the developer.

Parikshit Kandpal: Okay. And you are also open to like not -- I mean, if you're not okay taking entire package, which could be INR10,000 crores, INR11,000 crores, so even part of the package is fine with you? Is that the assumption?

Sandeep Zanzaria: See, we cannot discuss those strategies on a call right now.

Moderator: The next question comes from the line of Renu Pugalia from IIFL Securities.

Renu Pugalia: Congratulations for strong performance. My first question is to understand, while the last 2 years have been a sweet spot for the industry and supplier, where do we see this demand-supply situation panning out in the next 12, 15 months? Basically, coming to the question, this 19% PBDIT kind of OPMs that we have seen, where do you see them stabilizing over medium term, given the capacities coming up in the sector? So, is the supply side keeping pace with demand? And how do you look at the broad demand-supply equation? That's the first question.

Sandeep Zanzaria: We are not seeing a very significant capacity expansion happening in next 12 to 18 months. And when you look at our order backlog, practically today, we are touching a number of INR10,000 crores which is close to about like 2, 2.5 years of our revenue, backlog is already there.

Regarding the margin stability, you are saying. we have –communicated in the road shows which we have done, we aim to be deliver mid to high teens of EBITDA. That is what the team will keep on working to ensure this is what we want to deliver..

Renu Pugalia: Sure. Second question is on the same in terms of the quantum growth of investments coming in the sector and companies preparing capacities in line with order book. How well do you think is the supply chain prepared to handle this kind of jump in the volume of business in the market? So, while companies may have transformer capacities and individual equipment capacity, the supply chain do you think is there in place or you're seeing bottlenecks either on the tank side or other key components, which may have a bearing on the execution run rate?

Sandeep Zanzaria: You're right. Today, there is a challenge on the supply chain side. And there are a lot of international vendors or there is a lot of international supply chain also on which the vendors are dependent or the integrators or the manufacturers of the end products are dependent upon. So, if we double the capacity, the challenge to get the raw material will be equally high.

So, till the time the investments are not happening on an equal scale with the supply chain side, this challenge will remain as one of the biggest for the industry and the demand is not only growing in India, but growing globally. And the players who are there in this on the component side of supply chain, they are feeding to the whole world.

So, their capacities need to grow significantly first before they are in a position to feed the OEMs, which today, we see that the capacity increase is not sufficient to do so.

Renu Pugalia: Got it. And next would be, while you did indicate that 4Q market, we'll have to wait and watch how the Feb bidding happens for developers in terms of pipeline. But if you look at a slightly longer time frame of 12, 18 months, how are you looking at the order pipeline for the grid equipments on both domestic and international market? And on this elevated base of inflows, which includes HVDC export orders also, we think we can grow double-digit CAGR in the next 2 years on the inflow side?

Sandeep Zanzaria: So, I think when we look at 12 to 18 months, I don't see that the market is going to have any impact of like a temporary blip of a quarter. We see a sustained pipeline of projects which will be coming during these times and 12 to 18 months should not be difficult, including the HVDC part of this.

Renu Pugalia: Got it. Last bookkeeping question for Sushil. If you can help us with a broad mix of products and projects in our revenue and backlog, even 9 month numbers would work on the revenue side and order backlog, how does it stack up today?

Sushil Kumar: Yes. Just give me some time. Maybe during the call, I'll try to share the details.

Renu Pugalia: Sure, no problem.

Moderator: The next question comes from the line of Suraj Malu: from Catamaran.

Suraj Malu: Sir, I just want to touch upon the gross margin. Can you help me reconcile the gross margin number? If you look at the first quarter and second quarter, the gross margins were 40% and 41%, whereas it is 38% in this quarter. So, I just want to understand the reconciliation between these numbers, if you can attribute this difference.

Sushil Kumar: So, last quarter, while the reported margin was 41.2%, but we did call out in the investor call that there is about INR400 million of special income from a large project. Although it was operational, but it was, let's say non-repeatable income. So, excluding that, our gross margin on a normalized level was about 37.2%. Compared to that, we have done 37.8% of gross profit in this quarter. So, there is a parity between what we did in the last quarter and what we did in this quarter.

Overall, the blended 9-month gross margin is 39.8%. So, this is in line with what we have been always communicating that initially, we wanted to aim for like 35% margin and make an improvement during execution and deliver better so that we can deliver a mid-to-high-teen EBITDA, and thankfully, we are in that range in terms of gross margin as well as EBITDA level.

Suraj Malu: And just currently, as we have been discussing over previous several calls, because there is demand-supply gap and there is lack of capacity, hence several factories of GE as well as other companies have their orders still -- like the factories are full till 2028, 2029, and which is helping companies command pricing power. So -- and now companies are announcing their capex, right? So, over the next 1 to 2 years, do you see this pricing power going down and hence a gross margin decline after 2 years?

Sandeep Zanzaria: So, I think, first thing is that we are not booked till '28, '29. Today, the average timeline for a project excluding HVDC is like 24 months. So, whatever order we are taking today, at least in the domestic market, we have to deliver in next 24 months which is the project commissioning, then the products have to be delivered much before that. So, I don't think that anybody is booking the orders for '27, '28, '29..

Second, of course, definitely, yes, the pricing power is a combination of the market demand as well as the supply chain situation.. But I don't see that at least in next 12, 18 months, there is any significant change happening. We have to also understand one thing is that this pricing power, which everybody is talking about, it is not only because of the OEMs.

There is a big jump in the raw material prices, which is also happening, which is pushing up the end product prices. So, it's not that the OEMs are just unilaterally increasing the prices. The push for the increase of cost is coming from downwards. So, that is what we need to understand.

So even if, for example, we understand that there can be a margin pressure if there is an overcapacity, but the pricing can come down marginally. It's not something which is going to happen in a short term.

Suraj Malu: Sorry, can you just repeat the last part? The pricing can come down if...?

Sandeep Zanzaria: The pricing can come down marginally only if the supply chain situation changes, but it's not going to come down substantially.

Sushil Kumar: I just want to clarify one more thing on the gross margin. So, because you asked about the reconciliation in quarter. So, in our business, the gross profit or gross margin on a quarterly basis can vary differently depending on the mix of product versus project, how much we are doing from export versus domestic. And actually, we should look at the gross margin on a long-term basis.

And if you look at the 9-month performance, we delivered 39.8% gross margin compared to 34.9% in the corresponding 9-month period last year, which is roughly 5 percentage point increase on a like-to-like basis versus last year. And this is what actually we should be focusing on.

And in the last question, Ms. Renu had asked about the mix of product and projects. So, on a 9-month basis, roughly 25% of the revenue is from the projects and 75% revenue is from the products. We can take up the next question please.

Moderator: The next question comes from the line of Subramaniam Yadav from SBI Life Insurance.

Subramaniam Yadav: Sir, if you can help us understand some color on the margins in domestic front as well as the export front. Is there any benefit on the export orders what we have from the parent?

Sushil Kumar: Generally, the margin on export is better than the margin on the domestic side. There is 3 percentage point to 5 percentage point difference. But off late, we have seen that the margins in the domestic side is also picking up. The difference is getting, let's say, marginalized in the last few quarters.

Subramaniam Yadav: Okay. Okay. And then sir, on the gross margin, like you said right now, in last quarter, there were some one-off. But in the Q1 also, what we have seen is about the gross margin at similar level only, 40%. So, is there also some one-off strong number?

Sushil Kumar: No, one-off -- there was no one-off in the Q1. It was only in the quarter 2, which we specifically called out. And again, as I said, quarter-on-quarter, there will be variation. Our aim is to maintain a gross margin in the range of 35% to 40%. And blended, we are achieving 39.8% in the first 9 months, which is a good performance.

Subramaniam Yadav: Yes. So, the incremental new orders also we can sustain this level of gross margin, 39% kind of a margin for the new orders, what we guide this year?

Sushil Kumar: Again, so -- it's difficult to give futuristic estimate on the profitability on orders. I think the aim is to maintain mid-to-high teen of EBITDA and which Sandeep clearly answered in the last call that we have 2.5 years of backlog. And with that kind of backlog, we are confident of our team will work to deliver that kind of EBITDA level.

Subramaniam Yadav: And lastly, if you can let us know the other income part, which was at INR26 crores this time around.

Sushil Kumar: So, this other income had few components. The first one being the interest on the money that we deposit in banks and cash pools. We have about INR8.6 billion of cash surplus at the end of December, which is deployed in different instruments. So, that is one element of other income. The second element is the interest on the tax refund that we received from the government. And the third element is the recovery of some bad debts.

Subramaniam Yadav: If you can quantify each of them, yes.

Sushil Kumar: Roughly, let's say, INR100 million out of INR250 million is the interest on cash pools. Almost in similar range, we have a interest on refund. And the third element is roughly INR40 million to INR50 million of recovery of bad debt.

Moderator: The next question comes from the line of Rucheeta Kadge from I-Wealth.

Rucheeta Kadge: So, just wanted to understand on the export order book, how much order is from the parent company out of this?

Sushil Kumar: On a 9-month basis, roughly 75% to 80% of the export orders are from the group entities.

Rucheeta Kadge: Okay. And sir, our current order book, which is INR10,780 crores, we expect to complete this in the next 2 to 2.5 years, right, if I heard it right?

Sushil Kumar: So that was a generic reference that last year, our revenue was INR32 billion. And since we have a backlog of INR108 billion, so we expect that with the current rate, we have 2.5 years. It's a mathematical extrapolation. But some of the orders that we have in our backlog may have an execution range of 3 to 5 years as well. But what happens in our business is that while we execute some part from the backlog, we also have new book-to-bill every year, which adds up to the revenue.

Rucheeta Kadge: Got it. Got it. And around -- I was just seeing your order inflow has been on an average INR2,000 crores, INR2,500 crores. So, we expect this run rate to continue, or we see any slowdown there?

Sushil Kumar: So, this year we had out of INR75 billion, we had about INR23 billion of large export order from the group entity which is a one-off. Excluding that, we have order book of about INR52 billion in the 9 months which gives almost INR17 billion as a run rate every quarter. So, our endeavour is to maintain that, and we are working towards that. So, let's -- so please consider that as a number while you extrapolate.

Rucheeta Kadge: Okay. So, this INR17 billion, we are confident we can do it for the next around, you know, next 1 year at least?

Sushil Kumar: That's always an endeavour of the management. There are a lot of factors, basis which the decision making happens at the customer level, market dynamics. But yes, our endeavour is to maintain or grow these kind of run rates.

Rucheeta Kadge: Got it. Got it. And sir, on the employee cost, it's kind of flattish since a few quarters. So, do we see this growing going ahead or we are seeing that this should be around the same level?

Sushil Kumar: Employee cost has increased on a 9-month basis, if you look at this. The last year 9 months, we had INR2.7 billion or INR279 crores. And this time, we have INR310 crores. So roughly 10% or 11% increase in the employee cost. But at the same time, this is lesser than the growth in revenue. We had 39% growth in revenue. So, with the increase in volume, there will be an increase in the employee cost.

The effort of the management is to keep the employee cost as minimum compared to the growth in revenue so that we get operating leverage and get higher profitability.

Moderator: The next question comes from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question on the employee expense again, sir, I think in the last quarter, there was INR120 crores. And this quarter, it has come down. So, can you just help us with that?

Sushil Kumar: Sorry, your question was not clear. Can you please...

Mohit Kumar: My question was on employee expense, I think in the third -- in the last quarter, it's INR120 crores. It has declined in this particular quarter. So, what is the run rate which we should assume on a quarterly basis?

Sushil Kumar: So, quarterly basis run rate is actually the average of the 9 months. So INR310 crores for the 9 months. And if you divide by 3, roughly INR105 crores is the run rate.

Mohit Kumar: Was there any reason -- particular reason for the employee expense to spike in the Q2?

Sushil Kumar: There were specific employee benefit-related reserve that were made in the last quarter.

Mohit Kumar: Understood, sir. Is it possible to quantify what proportion of the order is of long duration, and what would be the fixed price contract in our order book?

Sushil Kumar: So, the long duration orders are roughly INR30 billion to INR35 billion, and those are related to the large export orders that we have booked. Rest of the orders have the execution timeline of 18 to 24 months. I don't have the exact number, but maybe on a very high level, 30% of the order backlog should be on a variable price contract.

Mohit Kumar: 30%?

Sushil Kumar: Yes, 30%. But at the same time, I would like to highlight that we have been always talking about the conservative approach. So, at the time of making costing and bid, we do keep enough or sufficient inflation in the costing.

Mohit Kumar: Is it fair to assume that in the longer duration contract, we have some price addition clause?

Sushil Kumar: We don't have that specific details, and it's difficult to share over the call.

Mohit Kumar: Understood. My last question, sir, on the -- can you just confirm the capex number? If I heard you correctly, did you mention capex would be INR8 billion in F '25 and F '26?

Sandeep Zanzaria: No, we said INR800 million; roughly INR80 crores.

Moderator: The next question comes from the line of Amit Anwani from Prabhudas Lilladher Capital.

Amit Anwani: My question pertains to the STATCOM opportunity, which we have been highlighting in the past. And it was kind of quite substantial. Wanted to understand your view. Again, on the STATCOM, we are hearing that many tenders are in the pipeline. So, what is the addressable market in terms of value, and what kind of conversions or wins we are expecting for GE T&D?

Sandeep Zanzaria: So, we are looking at the market size, we are looking at about close to about INR3,000 crores to INR3,500 crores of market for STATCOM. And yes, definitely, so we are in the process of participating in bids for STATCOM and depending upon the outcome, we will be declaring the results...

Amit Anwani: Okay. And second question on the other expenses and overall expenses, we have been talking about that we're focusing on operational efficiencies, and we have seen the results in your numbers. Is there further scope on the expenses to be optimized, rationalized further in upcoming quarters as well?

Sushil Kumar: So, as we are growing fast, we are going for 39% increase in revenue. I think the overall employee expense and other expenses will increase. But our effort will be to maintain the increase less than the increase in revenue so that we get better operating leverage.

Amit Anwani: Sure. Lastly, on -- we saw one-off orders this 9 months -- this quarter of INR2,300 crores exports. Is there any further pipeline for next 12 to 15 months? Are we expecting more export orders from the parent?

Sandeep Zanzaria: We continue to work with all the opportunities that are available in domestic as well as export market. And for sure, if there are opportunities, we'd like to secure. So, it's difficult to give a projection of the large opportunities because it's difficult to predict a win. But our endeavour is to do as much better as we can.

Moderator: The next question comes from the line of Jonas Bhutta from Birla Mutual Funds.

Jonas Bhutta: So, firstly, congratulations to the team for a great set of performance. Just one sort of question. If between December '21 to maybe January '25, NCT would have sort of given around INR3 lakh crores kind of project approvals. And if I exclude the HVDC bid, that would sort of tantamount to roughly INR2 lakh crores-odd. Now within that, maybe GE T&D's addressable scope is 35%, 40%. What would be your best guess into how much of that opportunity has already been awarded?

Sandeep Zanzaria: We'll have to do some math and, Jonas, maybe we can come back, but difficult to give this number off-hand.

Jonas Bhutta: So, basically, just trying to get a sense that for the recent past, the NCT approvals were running far ahead of awards. Have those 2 caught up?

Sandeep Zanzaria: No. So, now the government is talking about the commissioning up till 2032 is like INR9 lakh crores, right? The new investment.

Jonas Bhutta: Yes. But that would also include the past, as in they would have included capex done starting 2020 or 2022 as well.

Sandeep Zanzaria: No, no, no. Since the government is talking from like 2024 to 2032.

Jonas Bhutta: Understood. Fine, probably we can reach out separately and try and get a handle on that.

Moderator: The next question comes from the line of Shreyas Chandak from Investwell Agents.

Shreyas Chandak: Sir, my question is on the broader side on how the parent is looking at the India business, especially after the stake sales. Also keeping in mind that our competitor has announced a capex of approximately $250 million over the next 4 to 5 years, while we are talking about a capex, which is much smaller at around INR80 crores for the next 12 to 14 months.

Sandeep Zanzaria: I think we are significantly important for our parent. And of course, if you look at our manufacturing facilities, we have the latest technologies, latest factories and we have majority of the products what is manufactured at grid globally is also manufactured in our Indian factories, including all the ranges. So, when we talk about transformers, control relay panels, software solutions, CT, CVT, the traps, GIS, AIS, everything.

So, we are pretty important for our global parent and that's why you see there is a large amount of export volumes which are also coming to the factory from the parent. So, I hope that answers your first question. For the second question, yes, we have been constantly saying that we have not yet reached the level where we are able to utilize the capacity fully.

So, we are constantly monitoring the market and whenever there is a requirement of capex, we will be definitely investing in terms of that capex based on the market requirements.

Moderator: The next question comes from the line of Inderjeet Singh Bhatia from HDFC Securities.

Inderjeet Bhatia: My first question is around guidance, or an indication given earlier that exports and domestic could become 50-50. Do you still stand by that? And by what timeline we're looking to kind of reach that number either on revenues or on order book?

Sushil Kumar: We have never specified a number of export versus domestic. We always communicated that both markets are important for us, and we continue to work in this direction to bring in as much business as we can. So, there is no specific guidance that we have given.

Inderjeet Bhatia: Okay. Second is on the -- if I look at on the order book growth and we take any rough numbers, we'll end the year with roughly around INR11,500 crores, INR12,000 crore order book, which would be a very significant step-up in -- over last year. Do you think revenues will start to kind of mirror some kind of a step-up or at least continue the current run rate going into next year, based on what -- how the execution is kind of is expected to kind of go?

Sushil Kumar: So, as we have increased the order book as well as order in hand, so we'll make effort to increase the revenue.

Inderjeet Bhatia: Okay. And the last question is, again, continuing on this whole capex or capacity side, you did mention that in some of the areas, you are -- the capacity utilization has still not reached a threshold level. Do you think with the existing order book, maybe towards the end of FY '26, you would be kind of reaching those kind of thresholds where you would have to start making or planning for new capex? Or if I may put it other way around, that current capacity can support what kind of revenues?

Sandeep Zanzaria: So, you know, we are into a combination of project and product business. There are a lot of things which we buy and then integrate it as a part of the project and then sell it to the market. So, it's very difficult to give you a number saying that, okay, this is the optimum revenue which we can get with this capacity.

Second, as I said, yes, we are constantly evaluating the capacities and wherever capex is required in terms of debottlenecking the capacities, that capex is being planned, and it is being carried out. So, definitely, we are not waiting for things to happen.

But wherever the bottlenecks are getting created, they are being removed so that at least capacity can increase with minimalistic of capex coming in.

Moderator: The next question comes from the line of Suraj Malu: from Catamaran.

Suraj Malu: Sir, as we discussed earlier, the current cash balance is around INR860 crores. And now quarterly, we are generating additionally INR200 crores. So how do you plan to deploy this cash or use this cash?

Sushil Kumar: So, there are various options the Board is evaluating, and we'll share when there is a specific decision from the Board. But at present, we continue to invest in the cash pool and fixed income securities.

Moderator: The next question comes from the line of Shrinidhi Karlekar from HSBC.

Shrinidhi Karlekar: Sir, may I ask which all international markets do you directly participate to get orders?

Sandeep Zanzaria: So, we participate in Africa -- not so much in Middle East, sorry, we participate in Africa. We participate in Southeast Asia. We participate in Latin America. We participate part of Europe. So, these are all the direct markets. We participate in Australia as well. So, these are the markets which we are directly participating.

Shrinidhi Karlekar: And here in these markets, sir, at a GE entity level, how it get decided which entity to bid? Is it at a product level where cost competitiveness is higher and global parent kind of decides it?

Sandeep Zanzaria: So, there are various factors in it. For example, India-specific voltages, for example 400 kV, 245 kV, 132 kV, so our factories would be manufacturing voltages more specific to India, different factories would be having different voltages. Also then, there are different technologies which are there, for example, somewhere it might have dead tank technology, somewhere it might have a live tank technology.

So, India it's a live tank technology. And then also, obviously the question comes that because most of the market is catered to a utility, I think which entity is qualified? Which voltage is there? Which technology is there? There are multiple factors which are there in the play when it is decided that from where bidding is to be done.

Shrinidhi Karlekar: Understood, sir. And sir, has there been efforts to get more and more end utility customers' approval for the factory and the technology?

Sandeep Zanzaria: Yes. It's a constant effort which we are doing. And if you see that practically at one point of time, we had no presence in Europe. But now we have with few of the European utilities, we have also got the Indian factories qualified. So that's a constant effort which is being done.

Shrinidhi Karlekar: Right. And sir, related question, what we have seen is that there has been a significant ordering in the Middle East region for the T&D project, and some of the large Indian contractors have won these prestigious orders. So just wondering, is that an addressable market for the company?

Sandeep Zanzaria: So, wherever, the Indian factories are approved by the Middle East utilities, yes, it is definitely an addressable market.

Shrinidhi Karlekar: Right. And sir, last one, just for clarification. Sir, did you say that 75% to 80% of the international backlogs is from the parent, while the rest is one which you directly run?

Sushil Kumar: We said order book, not the backlog. Order book in the current 9 months.

Shrinidhi Karlekar: Current? Okay, understood.

Moderator: The next question comes from the line of Umesh Raut: from Nomura India.

Umesh Raut: I have only one bookkeeping question. So, if I look at, I think, 9 months of cash generation for us, I think it is very strong. It is higher than the 9 months of EBITDA for us. So, now, if I look at cash balance, it's closer to INR8.6 billion. But I think it has jumped significantly on a quarter-on-quarter basis. So how much of a balance we have received from GE Vernova cash pool?

Sushil Kumar: Sorry, Umesh, your question is not clear. We don't receive anything from the cash pool and that is not counted as a cash flow. We generate cash flow from operations and whatever surplus cash we have, we invest in the cash pool. I hope I'm able to answer your question.

Umesh Raut: There is one asterisk mark where you are suggesting that cash and bank balance include the balance with GE Vernova cash?

Sushil Kumar: So, this means that the total surplus cash that we have is INR8.6 billion. Part of this is invested in the cash flow and part of this is in the bank FDs and current accounts.

Umesh Raut: Okay. And how much of this cash we have received as a part of customer advances to you?

Sushil Kumar: I don't have that number immediately. So maybe we can share that later.

Moderator: The next question comes from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Yes sir, what will be the share of export orders in the order backlog now?

Sushil Kumar: Parikshit, I don't have that number immediately, maybe we can share it later.

Parikshit Kandpal: Okay. And sir, what would be the automation share of the order book? Like we have seen some automation orders coming and most of the orders you announced, there is a part of automation there. So, over the period, are you seeing increasing trend of share of automation increasing in the order book? And also, if you can quantify that.

Sandeep Zanzaria: So, I think the mix of order book the automation business is growing and so are the other businesses. So, probably the mix remains the same in the overall. Normally, we don't disclose the mix between the various product lines.

Parikshit Kandpal: Okay. And sir, just one more question on the execution now. So, we have been -- we have seen a significant ramp-up in order inflows. And still in terms of quarterly basis, we are averaging about INR1,050 crores to INR1,100 crores kind of execution. So, do you think -- when do you think the next set of execution ramp-up will happen or whether in the near term, this kind of execution run rate will continue?

Or -- So how far -- like we have crossed that INR1,000 crores, but still not going there in terms of like INR1,200 crores, INR1,300 crores in line with the order inflows, large order inflows which we have seen over the last few quarters?

Sandeep Zanzaria: So, Parikshit, if you look at, from last year to this year, we are seeing about a 40% growth. So, as the order inflow is growing, there is a delivery timeline which has been defined by the customer as well. But looking into the order backlog which we have, definitely, the quarter-by-quarter revenue is going to grow.

Parikshit Kandpal: And just the last question on exports revenue. Again, we have been like in the range of INR250 crores, INR300 crores in this quarter, there's been a blip. While the export order inflows have been very strong, last year INR1,800 crores inflows; this year, almost INR3,000 in 9 months. So again, there, when do we see the big ramp-up happening in exports revenue on a quarterly basis?

Sandeep Zanzaria: So, if you look at the big order which we have received this year, we are clearly specified when we had booked the order, we had said that these orders are to be executed up till 5 years. So then, it's a timeline of 5 years will be execution which is going to happen. This year itself, we will see an uptick in the execution of export orders as well.

Parikshit Kandpal: Okay. And on a mixed size, like exports will be in terms of inflows, like we have been averaging about 30% in terms of inflows. So do you endeavor to maintain that, because this quarter there has been a blip, almost 21%. So, you think on a more long-term basis, 30%, 35% potentially could be the mix in terms of new order inflow from exports?

Sandeep Zanzaria: Yes, the target will be to keep that 30% should come from exports.

Parikshit Kandpal: And this is excluding parent or you're including parent in this?

Sandeep Zanzaria: Including parent.

Moderator: The next question comes from Vinod from PhillipCapital.

Vinod: You just mentioned that this 2024 to 2032 INR9.2 trillion. As on date, how much is already awarded? And how much is the pipeline left in that INR9.2 trillion? Can you give us some kind of a color?

Sandeep Zanzaria: Vinod, I think it will be difficult to give a color at this point of time. But I would put it as that the majority of this is still to be awarded.

Vinod: Okay. Sir, my second question is, you have worked with PGCIL as well as the private customers. So how would you rate the PGCIL and private customers in terms of margins and payment cycles?

Sandeep Zanzaria: **We** rate both of them equally because to win an order, you have to be competitive, whether at Power Grid or private. Only the process of buying is different that somewhere you have a tendering /L1 process somewhere you have a negotiation. On the commercial payment side as well in order to derisk the company, we try and get more secured payment terms.

So, whether it is private or Power Grid, the payment is much secured, and Powergrid are a better paymaster in terms of number of days. So today, looking into the competitiveness and the security of the payment, both I would rate it equally.

Vinod: Okay. Because what I understand is the private sector probably is more competitive when they bid because Power Grid has the advantage of cost of funds. So, in that case, does the private sector squeeze the vendors more compared to Power Grid?

Sandeep Zanzaria: This depends upon the type of competition and the type of deliveries which is being required, whether it is Power Grid or private player.

Vinod: Okay, sir. And sir, in terms of assets, you prefer RTM asset because I think their costs are passed through and then probably less of a squeeze on those kind of projects?

Sandeep Zanzaria: No, so when we are supplying either to Power Grid or a private developer in terms of RTM or TBCB, for us, it doesn't make any difference.

Moderator: As there are no further questions from the participants, I now hand the conference over to Ms. Megha Gupta for closing comments.

Megha Gupta: Thank you, everyone, for joining the call today. We hope the insights provided by our speakers have been informative and valuable to you. We value the trust and support of our investors and analysts and ensure to remain committed to maintain transparent communication and fostering strong relationships. If you have any further questions, do not hesitate to reach out to me or our communication leader. Thank you.

Moderator: Thank you. On behalf of GE Vernova T&D India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.