GE VERNOVA

November 13, 2024

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai-400 001

Code No. 522275

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

Symbol: GVT&D

GE Vernova T&D India Limited
(Formerly known as GE T&D India Limited)
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Dear Sir/Madam,

Sub: Transcript - GE Vernova T&D India Limited Earnings Call for Investors held on November 8, 2024

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on November 8, 2024, in respect of Un-audited Financial Results of the Company for the second Quarter ended on September 30, 2024 of the Financial Year 2024-25.

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

NIMAI VERMA

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"GE Vernova T&D India Limited

Q2 FY '25 Earnings Conference Call"

November 08, 2024

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

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 this conference, please signal an operator by pressing star and then zero on your touchtone 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. Gupta.

Megha Gupta: Good evening, everyone. Welcome to GE Vernova T&D Limited Earnings Call for Second Quarter of Financial Year 2024-25. I'm Megha Gupta from GE Vernova T&D India Finance and Investor Relationship team. We are delighted to have you all here on the conference call today.

Today, 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; Kanika Arora, Communications Leader; Mr. Nimai Verma, Company Secretary of the Company.

During the call, 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-and-answer session. The presentation we are going to discuss today and financial results for the quarter are already available on our company's website.

Before we begin, I would like to highlight that today's discussion may contain a 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 comprehensive understanding of the factors that could impact our future performance.

With this, I will hand over to Mr. Sandeep Zanzaria to begin the discussion.

Sandeep Zanzaria: Sandeep Zanzaria: Thanks, Megha, and Good evening, everybody. Appreciate your taking the time to join us today and for your continued interest in GE Vernova T&D India, formerly known as GE T&D India. This name change aligns with GE Vernova's global identity and our continued focus in India's T&D sector.

Before we dive into the numbers, I want to highlight the incredible growth potential of India's power sector. India's renewable energy capacity has surged to nearly 210 gigawatts (GW) from just 76 GW in 2014, and the country is well on track to achieve its ambitious target of 500 GW by 2030. The power sector in India presents an incredible opportunity and its growth is fundamentally driven by three key pillars.

1. Energy Transition: This transition is creating significant opportunities for T&D companies as we work to integrate renewable energy sources into the grid, modernize our infrastructure, and deploy advanced technologies like smart grids and energy storage solutions.

2. Per Capita Energy Consumption: India's per capita energy consumption is still significantly lower than global average. However, we've witnessed a remarkable increase in recent years, and we expect this trend to continue. As India's economy grows and living standards improve, the demand for electricity will soar, driving substantial growth in the T&D sector.

3. Emerging Demand Drivers: The emergence of electric vehicles, green hydrogen, data centers, and other innovative technologies is further accelerating the growth of the power sector. These sectors require robust and reliable power infrastructure, creating significant opportunities for our business.

Additionally, the Central Electricity Authority (CEA) is actively working to enhance the cybersecurity of India's power grid. Our digital and software applications have become more critical to the grid as they help ensure reliable and secure power, and they move electricity from variable renewable resources, often in remote locations, to demand centers, and for grid orchestration to enable utilities to navigate the complexity that comes with a sustainable energy grid.

At present, we have multiple HVDC projects under bidding/finalization for the TBCB developers. We are engaged with the developers to target these opportunities.

With this in background, let me talk about our quarterly performance.

Our order book in Q2 saw bookings of INR 46.8 billion, up by 333% YoY, compared to INR 10.8 billion in quarter ended Sep' 23. A highlight of the quarter is receipt of orders from our group companies for supply of AIS and GIS products to ultimate client GEAT. In addition we received 2 major orders for upgrade of North and East region load dispatch centers from Powergrid and Grid Controller of India Ltd. This reinforces our strong presence of leading digital technology provider in transmission space. Our order backlog stood at 98.4 BINR as at September'24 vs 62.7 BINR as at March'24, up by 57%. This is the highest order backlog which company has achieved and gives a strong visibility of revenue for next few years.

Our Q2 revenues stood at 11.1 billion INR vs 7 billion INR in Q2 FY 23-24, up by 59% YOY with a notable increase in our profits. Our Profit Before Tax for Q2 FY24-25 was at 1,938 MINR compared to around 503 million INR in the corresponding quarter of the previous financial year. Cash and Cash Equivalent balance improved and stood at 6.8 BINR as on 30th Sep 2024 vs 2.8 BINR as on 31st March 2024 and net debt of 0.1 BINR as on 30th Sep 2023. The improvement in balance sheet paved the way for the company to generate cash of 2.9 BINR during Q2 FY 24-25 and & 4.5 BINR during H1 FY 24-25 before dividend Payment.

We will continue to execute our strategy with sustainability, innovation, and lean at our core. We are very proud to showcase some of company's key initiatives in sustainability and employee health and safety in the pages.

In conclusion, the Indian power sector is not just a national story; it is part of a global trend towards energy transition. The integration of renewables into the energy framework is a part of the rapidly evolving global ecosystem. With our strategy built on operational efficiency and selective market participation, we will continue to chart a course that positions us a key player in the industry and capitalizes on emerging opportunities.

We could not be more excited about the path ahead, and we thank you for your continued support.

I now invite Abhishek to provide further insights.

Abhishek Srivastava: Thanks, Sandeep. Good evening all. So I will take you through the key operational highlights, the key commissioning and infrastructure strengthening, works that we completed in the past quarter. So we have been actively working on strengthening of the transmission network for private and government utility customers. And in addition to that, we have been actively working on supporting our industrial customers to meet their power needs. So as a part of that, we successfully commissioned 220 kV gas station for Hindalco in Jharsuguda, which was completed within 12 months of award.

Then another key achievement was the commissioning of Gagad substation for our customers ReNew, which was their second TBCB and a scheme which is very vital for strengthening of the southern grid of India. In addition to these two-substation commissioning, we also commissioned 220 kV GIS Bays for our customers GETCO, WBSETCL, DVC and 132 kV GIS Bays for BSES. We have been installing and commissioning circuit-breakers for various voltage ranges from 145 kV to 765 kV, all across India and Bangladesh.

And then in same pursuit, we also commissioned 12 number single-phase transformers and 1 shunt reactor for our customers Power Grid and Doosan. So these are some of the initiatives which got commissioned in the past quarter, strengthening the overall power network for the country. With these highlights, I hand over to Sushil for taking us forward.

Sushil Kumar: Thanks, Abhishek. Good evening, everyone. I will talk about orders and the rest of the financials. First talking about orders on the Page 7 of the presentation. This quarter was a very robust quarter for us in terms of order booking. We booked about INR46.8 billion of orders compared to INR10.8 billion in the last financial year, similar quarter. This represents around 4.3x of order booking compared to the last year.

Similarly, on an H1 basis, we booked about INR57 billion of order compared to INR20.8 billion in the last year. Some of the key orders that we booked during the quarter 2 includes supply and supervision of high-voltage products from Grid Solutions SAS plant and Grid Solutions Middle East FZE, Dubai, both of these are related parties. And this order was material in nature, and this was already disclosed to the Stock Exchange during the quarter.

Similarly, we had another significant material order which was related to the establishment of Regional Load Dispatch center for Eastern region and Northern region. Those orders we received from Power Grid Corporation of India, and were also disclosed to the Stock Exchange during the quarter.

Besides these 2 material orders, we received several orders across the industry and transmission utilities. These include basically 765 kV power transformer and shunt reactor order from Power Grid Corporation of India for various transmission projects, then 765 kV power transformer for an EPC player for a substation in Madhya Pradesh, supply of 420/245 kV GIS from an EPC in West Bengal. And supply and construction of 300 MW 400 kV captive switchyard from Tata Power Renewable Energy in Maharashtra. And 765 kV/400 kV CRP SAS for various TBCB projects from multiple EPC players. So very robust order performance coming from different players across the market.

Moving to the next page, Page 8, in terms of financial performance. Again, the financial performance was very robust. First I will talk about the Q2 performance. Starting with revenue, we had a revenue of about INR11 billion, which was 59% increase on an year-on-year basis versus the corresponding quarter in the last year. We generated a significant 41% gross margin in the quarter. And as a result, overall EBITDA of INR 2.1 billion approximately at a rate of 18.8%.

This is a significant increase in EBITDA in percentage terms as well as value terms if we compare with the corresponding quarter in the last year, where we had about INR700 million of EBITDA. So this quarter, EBITDA is about 3x of what we had in the last year. And in terms of percentage point, there is about 8.8 percentage points increase in the EBITDA compared to the corresponding previous quarter.

Similar performance in profit before tax, where we improved from 7.2% of profit before tax to now at around 17.5% profit before tax. Again, a solid performance on a first half basis as well. We did a revenue of about INR20.6 billion. This is a 46% increase compared to the corresponding first half in the last financial year. Gross margin performance improved from 34% to 40.8%. And EBITDA improved from 9.4% in the last financial year first half to now 19.5% in the first half of the current financial year. Similarly performance improved on the profit before tax.

We've also shared the details of the order and revenue in terms of export and domestic market on the next slide, which is Slide 9. So out of the INR46 billion orders that we booked in the quarter, about 53% of the orders were from export and 47% from the domestic market. And in terms of revenue, about 29% of the revenue was from export market, whereas 71% revenue from domestic market. Almost similar performance on the H1 basis, approximately 47% orders from export and 30% revenue from export segment.

In terms of breakup of orders in hand of about INR98 billion, about 62% of the orders in hand we have from the private segment customers, about 32% orders in hand are from the central utilities and PSUs, and about 6% orders in the overall portfolio from the state utilities. Next slide, we have just the financial trend, but since we have already talked about most of the numbers, I'll not read it out again. And we can open up for the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Umesh Raut from Nomura India. Please go ahead.

Umesh Raut: And congratulations for all round performance in Q2 FY '25. Sir, my first question is pertaining to domestic ordering, which was very strong during the quarter, about 165% up year-on-year basis. So how one should look at now going forward? What kind of run rate we can assume on the domestic ordering side in terms of quarterly rate? And which are the areas where you are seeing a major uptick coming in?

Sandeep Zanzaria: Thanks for the question. In this quarter, on the domestic front we had 2 large orders which came from Power Grid and Grid Controller, which are on the digital side, which we have also declared, it is close to about INR 900 crores. I think apart from that, the market. if you look is pretty strong, and we are looking at a sustainable number.

But this also depends upon a lot of other factors like the delivery requirements. The run rate will remain sustainable in terms of order intake, except for onetime orders like of digital and export which came from group entities. Otherwise, the number should be sustainable.

Umesh Raut: Got it Sir. So is it fair to assume that including both domestic and exports, our base orders run rate would be closer to about INR15 billion per quarter going forward?

Sandeep Zanzaria: We would not like to put a number now because the decision timelines keep on shifting. We would talk more on yearly basis. We should look at the run rate at a yearly basis because in our sector, the decision of orders from one quarter to the other quarter for many of the utilities, they keep on changing. Probably let's look at yearly number, not on quarterly basis.

Umesh Raut: Got it, sir. Sir, my next question is pertaining to HVDC projects. So when exactly we can expect first two packages, especially for Fatehpur Bhadla and Khavda-Nagpur getting finalized? Any tentative timeline here?

Sandeep Zanzaria: I think it should happen within the next 3 months.

Umesh Raut: Okay. Okay. Got it, sir. Sir, my question -- next question is pertaining to bookkeeping. I think if I look at our related party transaction or intercorporate deposit side, it was closer to about INR450 crores for the quarter. So what's the reason behind this? And can you please specify or give some insight about this, where exactly we are extending this corporate deposits to related party?

Sushil Kumar: Umesh your question was not very clear. I'll just try to answer. And if there is anything left out, you can please ask again. We have taken approval from the shareholders to lend up to INR700 crores to the related parties in the cash pool arrangement.

Similarly, we have about INR 300 crores of borrowing limit. So if we need the funds for operations, we can borrow from the Cash Pool. And we have, I think about a little less than INR600 crores invested in the cash pool at the end of the first half -- as of the end of the September. And that's all within the approval limit of the shareholder.

Umesh Raut: Okay. Got it, sir. And similarly, sir, if I look at your related party transactions approvals, which were taken at the start of the year, especially for orders, that is, again, I think, totally consumed now, considering that we have received close to INR2,200 crores of orders from parent entities. Is there any another proposal or any prospect pipeline that you are seeing from especially parent side at a global level in terms of newer orders?

Sushil Kumar: So Umesh, the approval from the shareholders are required when the orders exceed the materiality limit, it is 10% of the turnover of entity in the last financial year. So in specific cases where we anticipated order from the related party in excess of INR300 crores, which was 10% of revenue of last financial year, the approvals from shareholders were taken. And fortunately, good thing for us, those orders materialized and we have booked the orders.

Having said that, in many orders on a regular basis that we get from various related parties but they are less than materiality limit and Audit Committee approval is taken and we regularly get those orders. So as of now, we are getting every quarter new orders or regular orders from many related parties. So if anything comes up in future in terms of any significant material order, that would require shareholder approval, we'll notify to the stock exchange and launch a postal ballot for the same.

Umesh Raut: Got it, sir. Sir, my last question is on the gross margin. We have now made closer to 41% kind of a level at a gross level. And in the past calls, you have mentioned that sustainable level is closer to about 35% to 40%. So now we have crossed that upper threshold of gross margin as well. Any colour over here? Is this export orders are kind of giving you better margins, and that is what's contributing to the surprise on the gross level side?

Sushil Kumar: So I still maintain that range of 35% to 40% as range on a quarter-to-quarter basis. But on the full year basis, we always said that we want to do better than what we did in the last year. Last year, I think we did about 35.6% if I'm not mistaken. And our endeavour is to do better than that. However, I would just like to clarify to the community on the overall profit number for the quarter.

This quarter, we have all the, all operational items, there is no non-operational item in the financials. However, we executed some of the large contracts, a specific part of the contract, which is highly profitable. And at the same time, we have certain one-off operational items in the P&L on expense side. All together, we see overall gain of about INR400 million approximately, which is kind of non-repeat in nature. And that's a good positive contribution, but may not be repetitive in every quarter.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Congratulations on a very great quarter. My question is on the other expenses. The other expenses in this quarter has seen an uptick. Would you like to call out something? Or this is linked to the revenues in general?

Sushil Kumar: Thanks Mohit for your question. And I answered the overall impact of non-repeat items in the quarter. On an overall basis, some of the non-repeat items are a part of the gross margin, cost of goods sold. Some of these are part of the other expenses. But instead of talking about the other expenses on an absolute number, I would like to draw your attention to the other expenses as a percentage of revenue.

See, our revenue has increased significantly. This quarter, revenue was 60% higher than what we did in the corresponding quarter of the last financial year. And with that 60% increase in the revenue, our increase in other expenses is still lesser than that rate. And as a percentage of revenue, other expense have come down rather from 13.7% to 11.9%. And this approximately 2% reduction in the other expense, is an operating leverage and an improvement in the overall profit before tax.

So let's look at our expenses as a percentage of revenue rather than increase in the absolute number as most of the increase is related to absolute increase in revenue also.

Mohit Kumar: Understood, sir. My second question is given the fact that a large part of transmission projects have been awarded to the players in this country. Last year was INR500 billion of ordering. And this year till date, we have seen INR700 billion of ordering awarded to most of the power grid and a few private players. Are you seeing that inquiry pipeline is inching up and is becoming -- can you give us some colour?

Sandeep Zanzaria: Yes, we are seeing a sustainable pipeline, I think we had some slowdown during the last quarter when elections were there. But apart from that, I think now we have seen that there is good traction which is happening in terms of pipeline for TBCB project. Definitely, Power Grid is winning a large chunk of that business. Apart from Power Grid, we are also seeing that the pipeline is getting generated from the private players also.

Mohit Kumar: Understood. My last question, sir, what was the average life of the current order book?

Sushil Kumar: So some of the orders have a time line of 3 to 5 years. And most of the orders, let's say, more than 60%- 70% of the orders have an execution timeline of 18 to 24 months.

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

Parikshit Kandpal: So my first question is on the cash and cash equivalents, which you highlighted, INR670 crores. So does it include the deposits given to the team of INR450 crores?

Sushil Kumar: Yes. So -- we have about INR6.7 billion of cash end of September. It has 2 parts: one is the cash and bank balances that we have. And the second part is the money that we have lend through the cash pool. The money that we have lend through the cash pool, if you look at the balance sheet, is a part of the loan line item. So we're combining the loan line item and the cash line item to arrive at the total cash and cash equivalent that we have at the end of the half year.

Parikshit Kandpal: The question is for the cash, the other income during the quarter -- and so what kind of yields you're earning on the other income, which could be generated on this cash pool because INR4 crores of other income for the quarter looks to a very small number?

Sushil Kumar: We disclosed that yield on the return on this cash pool investment in the shareholder notice when we took the approval. It's approximately 7%. I think we are doing a math on the total balance at the end of the quarter, but most of it would have got generated at that last leg of the quarter and may not have been fully eligible for the interest for the entire quarter. But yes, I can confirm that for whatever period we lend to the cash pool, we do get the approximately 7% interest during the tenure of deposit.

Parikshit Kandpal: Any particular reason why other income is lower in this quarter?

Sushil Kumar: Yes. So other income has many components, including the cash pool income, we also have a forex loss of approximately INR55 million during the quarter, which is netted off against the other income.

Parikshit Kandpal: Okay. My second question is on the export orders. So you've given the breakup of order inflows. But in the order backlog now, how much is the export component in the total close to INR10,000 crores order backlog? How much is the export component in there?

Sushil Kumar: We typically don't share that breakup. But on a ballpark basis, it should be about roughly 40 % or so at a very high level.

Parikshit Kandpal: The question is now what we are seeing as a trend that orders which you're announcing the automation portion is increasing, which should be directionally largely positive. And also the export share and mix in the order backlog is increasing. So directionally, is it right to project that the numbers on the margin side still have a headroom to expand from the current level?

Sandeep Zanzaria: Parikshit, your voice is very unclear. Can you repeat the question?

Parikshit Kandpal: So I was saying that directionally, the export is now 40% of the backlog. And in the orders which we have announced, the automation component is increasing, the Power Grid orders and other orders which we have been announcing. So -- which would be, again, margin-accretive to both the share of automation orders and high-margin export orders. So directionally, is it right to assume that the margins which we are reporting still have more tailwinds that they can improve from here on?

Sushil Kumar: Yes, over the last 2-year period, the margin on backlog has improved. Various factors, first, there is also an improvement in the pricing in the domestic market. Export orders are also accretive and some of the business lines have better profitability. And our endeavour is to work more on those business lines to grow orders there.

Having said that, we don't give guidance on the future profitability in terms of how much accretive margin it will contribute. But you can see the past trend, we have been making good improvements, and you can then make your own extrapolation on the numbers as per your own estimates.

Parikshit Kandpal: Okay. And sir, on the HVDC side, so how serious we are about winning these orders because you already have huge volumes of order coming in. And then on the other side, now we have INR10,000 crores of backlog. So at what point of time do you would see the order backlog balloons up. And if you get some HVDC orders, then we need to expand and announce capex. I mean ballpark, how are you linking the 2 things now given there is a strong visibility in domestic ordering, exports as well as large chunky HVDC ordering? So how do you link it with the capex? So at what point do you see -- on capex?

Sandeep Zanzaria: Parikshit, you need to understand is that for HVDC orders that we are talking about, when we look at our factories, one of the most important aspect would be the transformer deliveries. The capex for transformers requirement for HVDC orders is already planned.

I think apart from that, when we look at an HVDC order, it is mostly the technology side, which we are going to play. And then we have our global partners as well who will be supporting us in the execution of those HVDC orders. So I don't see that taking 1 HVDC order is going to require any additional specific large capex for delivery of that product.

Parikshit Kandpal: And the transformer capex, you spoke about you have planned. So if you can quantify what is the capex and what capacity you're looking to increase?

Sandeep Zanzaria: So that would always be very difficult to quantify because ultimately, today, we're looking into the market. The capex that we are doing in the plant will not only help us even suppose if don't win an HVDC, but it would also help us in the AC market. I've always said in the past that MVA is a mix because an MVA of HVDC and a MVA of AC transformer practically same, but the realizable value of HVDC transformer might be 3-4 times of the same MVA of an AC transformer. So MVA is normally for a very high-level benchmarking, but not an accurate methodology to track the capacities

Parikshit Kandpal: But in terms of value of capex, how are you budgeting the value of the capex? I mean, let's forget the MVA part, but how much do you intend to incur in this year or the next 2-3 years?

Sandeep Zanzaria: Depending upon the need of the plant, it will be somewhere between $5 million to $10 million.

Parikshit Kandpal: Okay. And just the last question, sir, you spoke about the sustainability on the ordering side, order inflow side. So that will sustain. So when we were saying that, so you're benchmarking on H1 numbers of INR5,700 crores or like -- when you're talking about the annual inflows? So is it the H1 number which is relevant? Or like how do we read into it?

Sandeep Zanzaria: H1 numbers have two exception. So, one is the export order, which we got, where we have a delivery timeline of about 5 years. For the Eastern region, Northern region, digital orders, which, of course, the upgrade comes every 7 years. So that is not something like, the INR900 crores of order, this is something which you get every year. The balance part of the order is a sustainable volume. This is what we will be targeting every quarter. But we would be working more, measuring ourselves in terms of yearly numbers rather than quarterly numbers.

Parikshit Kandpal: So yearly, it's about INR7,000 crores, INR8,000 crores would be what is a sustainable number as of now on the current run rate?

Sushil Kumar: So for the current financial year, Parikshit, if we take out these 2 large orders, those are about INR30 billion. Sandeep is trying to say that excluding these 2 large orders on an H1 basis, we have routine orders of INR27-28 billion. If we extrapolate, that becomes like INR55 billion to INR58 billion on a regular run rate other than the large 2 deals. And if we add another 30 billion of these large orders, we can be in range of INR78 billion to INR82 billion. I mean that's the mathematics. It's not a guidance, but a mathematical representation of yearly numbers..

Parikshit Kandpal: Got it. And HVDC will be on top of it, if at all something materializes. So HVDC will add on it.

Sushil Kumar: Yes.

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

Mohit Kumar: Sir, from STATCOM, I just wanted to check whether there is any requirement of indigenous -- either an indigenous clause in that? Is there some kind of other additions required in this country?

Sandeep Zanzaria: For Power Grid tender, yes, there is an indigenous clause.

Mohit Kumar: And do we qualify for that?

Sandeep Zanzaria: When we look at IGBT or the thyristors, it's not a very difficult technology to assemble and test it. It's not something which is very difficult to meet those requirements from India. In fact, if you look at Champa-Kurukshetra, the Phase 2 which we did, the thyristors were assembled and tested in our plant in India only.

Mohit Kumar: But that will take some time, sir, right, sir? Will that -- so if you want to qualify with the clause, can you bid right now? Or will it take some time?

Sandeep Zanzaria: We can bid right now, but that's a commercial decision which bid to participate or not. But there is no problem in bidding right now.

Mohit Kumar: Understood, sir. Sir, last question on this -- on the HVDC Leh Ladhakh. Have you seen any development, sir? I think this is up for tender. Has the tender happened? Or is it still delayed?

Sandeep Zanzaria: No, see the tender has already floated. But it's going to take time for submission.

Moderator: The next question is from the line of Sagar Gandhi from Invesco Mutual Fund.

Sagar Gandhi: Yes. Sir, my question pertains to order inflow of INR5,700 crores that we see for H1 FY '25. So sir, how much has the export part grown for us on a Y-o-Y basis? And how much is the domestic part growing on a Y-o-Y basis?

Sushil Kumar: In this first half, we had an order book of INR46 billion, of which approximately INR25 billion is the export order for this quarter. And if I look at the last financial year, we had about 24% of the orders that are coming from the export market. So 24% of roughly INR10 billion was hardly INR2.5 billion.

Sagar Gandhi: INR2.5 billion goes to INR 25 billion on a quarterly basis, Q2 of this FY '25 over Q2 FY '24?

Sushil Kumar: Yes, you're right because this time, we declared a very large a material order of approximately INR22 billion from Grid Solutions SAS and Grid Middle East FZE, and those are the orders for which we have taken the related party approval and those orders materialized. In fact, these are declared to the stock exchange in the month of August and September.

Sagar Gandhi: Okay. Sir, like you, what you shared for Q2, can you share for half year?

Sushil Kumar: It's already part of the presentation. If you look at the Page 9 of the presentation, out of INR58 billion, we have export orders of approximately INR27 billion. This represents 47%. And in the last financial year, the ratio of export order was approximately 23-24%. So we had about INR5 billion of export orders in the first half of the last financial year, which has now grown up to INR27 billion in this financial year.

Sagar Gandhi: So INR5 billion going to INR27 billion, so that is slightly over 5x?

Sushil Kumar: Yes.

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

Shrinidhi Karlekar: Congratulations on stellar set of results. Sir, may I ask how much of your domestic backlogs actually come from the utility segment and how much is from the industry segment?

Sushil Kumar: So, Mr. Shrinidhi, we don't have that breakup immediately. And in fact, we don't share that much of breakup in the public forum. But we have already disclosed in the Page 9 the breakup of the total orders. So, in the total orders that we look at the INR98 billion breakup, INR61 billion is from the private segment, INR31 billion from central utilities and PSUs and about INR5 billion from the state utilities, which represents 6%.

So on the overall business, we have already disclosed. Breaking it further into export and domestic is not something that we share.

Shrinidhi Karlekar: Private will include the related party order as well as the TBCB from the private sector, right?

Sushil Kumar: Yes.

Shrinidhi Karlekar: Okay. Okay. Sir, and the second question I wanted to understand is the pipeline on transmission side is undoubtedly quite strong. I was wondering, would it be possible to share some light on the -- how the industry segment pipeline looking like?

Sandeep Zanzaria: Industry segment pipeline on the data center side is pretty good. There are multiple opportunities which we are discussing with either the EPCs or alternatively directly with the data center players. And also, there are a few opportunities on the steel side, etc. But because we operate mostly into 220, 400 and 765. There are various opportunities which come on medium voltage now, but those we don't participate

Moderator: The next question is from the line of Indrajit Chakravarty, an individual investor.

Indrajit Chakravarty: I congratulate you for the excellent set of numbers. I just want some details about this HVDC tender, which has been floated and about -- I think you said about something like 3 months from now. Within 3 months from now, something will come out of it. So can I just know that how much this is tender value, the HVDC scope? What is our total value of HVDC scope that we have?

Sandeep Zanzaria: So this value will be somewhere between $1 billion to $2 billion.

Indrajit Chakravarty: Okay. Okay, sir. That was my only questions. And we have a scope that we might get something of it, okay, within 3 months?

Sushil Kumar: No, what we said, these tenders, the 2 HVDC tenders, which are in the finalization process at the developer level will get decided. We are participating. Whether we win or not is an outcome that we'll have to see.

Indrajit Chakravarty: And the outcome will be within 3 months? Or after 6 months, we will get to know?

Sandeep Zanzaria: These large opportunities has been going on for last more than a year, so we expect now to get decided within 3 months, but if it shifts beyond 3 months, it is beyond our control, actually

Moderator: We have the next question from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Just on the employee cost, this quarter has been a little high. So is it because of the volume growing? Or is it because of hikes getting affected during this quarter?

Sushil Kumar: Both, Parikshit. And again, as I mentioned for the other expenses, I think instead of looking at the absolute number, let's start looking at the percentage. And as you see on Page 8, as a percentage of revenue, both employee expense as well as other expenses have come down compared to the corresponding quarter in the last year as well as in the half year basis.

Moderator: The next question comes from the line of Akhilesh Bhandari from Millennium Capital.

Akhilesh Bhandari: So just a small clarification. Out of the total order values in HVDC project, what would be an addressable component in terms of proportion of the overall value of the HVDC order of the project?

Sandeep Zanzaria: So when I said that between INR1 billion to 2 billion, that is the addressable portion by us. The overall project value will be in few billions of dollars.

Akhilesh Bhandari: Okay. But roughly, it would be 40% to 50% what would be an addressable component?

Sandeep Zanzaria: Some HVDC projects will have longer lines, some will have shorter line. There are multiple factors into that. So it's very difficult to put a percentage of component in the total HVDC. It's a very flexible thing. There are a lot of variables in it.

Akhilesh Bhandari: Okay. Okay. And sir, for the Leh-Ladakh project, there has been some discussions that Power Grid might want a more localized supply chain closer to the area of where the project is going to be because of supply chain issues. But all of the major players don't have any capacity in this area. So any sense of the discussions, which you can give me whether some capacities being sort of -- some make shift capacities being thought of the supply chain or a different solution for supply chain is being considered?

Sandeep Zanzaria: So Akhilesh, these are all commercial matters, it cannot be disclosed so openly in a call. We'll not be able to answer this.

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

Umesh Raut: Sir, my question is pertaining to an addressable opportunity in domestic especially for digital solutions and one which you have also received during the quarter in terms of new orders. And on the similar line, we are also hearing that now there is a next phase for wide-area monitoring system, which can come up. Earlier, I think you have executed certain portion of it. So any colour over here? What kind of opportunities do you see maybe in the medium term for all these solutions in the domestic market?

Sandeep Zanzaria: You are right, Umesh that we have executed the phase One of Wide Area Monitoring Project. There are a lot of discussions which are going on at Power Grid and at ministry level. After this scope finalization and what technology will be used, it will be possible to put a value to the opportunity. Today, it is too premature to even put a value to it.

Umesh Raut: Got it, sir. And apart from this WAMS, are there any new technologies where you will not able to participate because of technology? Or you can easily kind of get it from parent in a more of an immediate basis whenever that opportunities kinds of coming up for the tendering?

Sandeep Zanzaria: So I don't think that there is any limitation for us to get any technology from the parent if it is available and the need is there in the country. So if there any technology requirement which is there, we'll definitely be getting the support of the parent and we will be participating

Umesh Raut: Okay. And in accessing those newer technologies from parent, what could be the arrangement between GE Vernova T&D India and its parent in terms of royalty or other fees?

Sushil Kumar: We have a royalty technical fees agreement, which is there in place for the last many years. It has a certain percentage of revenue that is paid as a royalty to the parent. The rates and the methodology has been consistent for last many years. Overall last financial year, I think royalty was approximately 1% of the total company's revenue.

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

Parikshit Kandpal: Sir, this HVDC orders which we are evaluating, so is it in consortium with the parent company?

Sandeep Zanzaria: We will not be able to disclose this thing, Parikshit. I think that's a commercial strategy and it's not possible to disclose.

Parikshit Kandpal: Okay. And sir, just 1 clarification. When you spoke about the capex for transformer, it was about $8 million to $10 million you said, right?

Sushil Kumar: It was total

Parikshit Kandpal: Total

Sushil Kumar: Yes, it was approximately $8 million to $10 million, but total, not just for the transformer.

Parikshit Kandpal: And in this year or next year?

Sushil Kumar: We're talking about the plan for the next 12 months.

Moderator: We have no further questions. Ladies and gentlemen, I would now like to hand the conference over to the management for closing comments. Over to you, sir. Sir, you may proceed with closing comments, sir.

Megha Gupta: Thank you all for joining us 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 or require additional information, please do not hesitate to reach out to me or our communications leader.

Moderator: Ladies and gentlemen, we will end our conference here. On behalf of GE Vernova T&D India Ltd, that concludes this conference. Thank you for joining us. You may now disconnect your lines.