GE T&D India Limited
L31102DL1957PLC193993

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

T +91 120 5021500
F +91 120 5021501

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

February 12, 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: GET&D

Dear Sir,

Sub: **Transcript - GE T&D India Limited Earnings Call for Investors held on February 5, 2024**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on February 5, 2024, in respect of Un-Audited Financial Results of the Company for the third Quarter ended on December 31, 2023, of the Financial Year 2023-24.

You are requested to take note of the same.

For GE T&D India Limited

ANUPRIYA GARG

Digitally signed by ANUPRIYA GARG
Date: 2024.02.12 16:51:55 +05'30'

Anupriya Garg
Company Secretary & Compliance Officer
Membership No. A18612
Contact No.: +91-120-5021500

"GE T&D India Limited

Q3 and 9M FY '24 Earnings Conference Call"

February 05, 2024

MANAGEMENT: **MR. SANDEEP ZANZARIA – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – GE T&D INDIA LIMITED**
MR. SUSHIL KUMAR – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – GE T&D INDIA LIMITED
MR. ABHISHEK SRIVASTAVA – HEAD, BUSINESS OPERATIONS – GE T&D INDIA LIMITED
MS. KANIKA ARORA – COMMUNICATIONS LEADER – GE T&D INDIA LIMITED
MS. ANUPRIYA GARG – COMPANY SECRETARY – GE T&D INDIA LIMITED
MS. MEGHA GUPTA – INDIA FINANCE AND INVESTOR RELATIONSHIP – GE T&D INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the GE T&D India Limited Earnings Q3 and FY'24 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Megha Gupta from GE T&D India Limited. Thank you, and over to you, ma'am.

Megha Gupta: Thank you, Team Chorus. Good evening, everyone, and a very Happy New Year. We welcome you all to the GE T&D India Limited Earnings Call for the Third Quarter and 9 Months of the financial year ending '23-'24. I am Megha Gupta from GE T&D India Finance and Investor Relationship team. We're delighted to have you all here on the call. During this call, we will discuss company's financial performance, including operational highlights. We'll share key updates and we'll address any questions that you may have.

Before we begin, I would like to highlight a few important notes for today's call. Firstly, we have just declared results for the third quarter and 9 months of the financial year ending 2023-24. The said results are now available on our company's website. Further, we have also prepared an analyst presentation for the quarter which will be discussed during the call. The said presentation have been e-mailed to you and is also available on our company's website.

Also, I would like to take a moment to remind everyone 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 vary materially from those expressed or implied. We encourage you to refer to our public filings and disclosures for comprehensive understanding of the factors that could impact our future performance.

With this, now let me introduce GE T&D India management team available on the call. During this call, we will be joined by Mr. Sandeep Zanzaria, CEO and MD of the company. Along with him, we are also joined by Mr. Sushil Kumar, Whole-Time Director and CFO of the company; Mr. Abhishek Srivastava, Head, Business Operations; Ms. Kanika Arora, Communications Leader; Ms. Anupriya Garg, Company Secretary of the company.

We will be having a dedicated question-and-answer session towards the end of the presentation where you can ask your questions and seek clarification on any topic of your interest. Thank you once again for joining us today. We appreciate your continued support and trust in GE T&D India Limited.

Now I'll hand over the call to Sandeep for his opening remarks. Over to you, Sandeep.

Sandeep Zanzaria: Thanks, Megha, and good evening, everyone. Appreciate you are taking the time to join us today and for your continued interest in GE T&D India Limited. I'll begin by providing a brief overview of our third quarter of the financial year FY'23-'24. After that, I will pass on to my colleagues to share further operational and financial highlights.

Globally, there is an increasing focus on energy transition, and that is leading to expansion of power markets, including India, and that presents a great opportunity for a company like ours. With priorities on grid expansion, modernization and digitization, along with the commitment to market-driven solutions, the sector is poised for a significant growth.

Driven by this rising demand in global and Indian market, we are excited to share a continued surge in our order book in Q3, which saw booking of INR 23.7 billion, up by 204% year-on-year. Customer trust as ever -- in our reliable and high-quality transformers that fuelled order growth, cementing our leading position in this segment.

Few of the key orders that we have received include grid solutions at GE Group Company for supply of HVDC transformers and from Power Grid Corporation of India for supply of 765-kV power transformers and shunt reactors for their various transmission projects in India. Apart from transformers, we have also secured an order from BHEL for supply of 420-kV GIS for the NTPC Talcher Stage 3 project, among many other wins which have been highlighted in the presentation.

Our Q3 revenue stood at INR8.4 billion versus INR7.8 billion in Q3 FY'22-'23, up by 8% year-on-year, with a notable increase in our profits. On a 9-month basis, our FY'23-'24 revenue stood at INR22.5 billion versus INR20.7 billion in '22-'23, up by 8.9% year-on-year. Our profit before tax for the quarter was at INR730 million compared to INR124 million in the corresponding quarter of the previous financial year. From a 9-month perspective, the profit before tax stood at INR1,619 million versus INR269 million in the 9-month period of FY'22-'23.

This improvement in profitability and balance sheet paves the way for the company becoming debt-free in Q3 with a positive cash flow and cash equivalent of INR1,573 million. Cash generation was at INR1,687 million during the third quarter FY'23-'24 and INR3,303 million during 9 months of FY'23-'24.

This achievement can be attributed to global LNG landscape that is seeing expedited pace of energy transition across sectors, including power. Export orders were up during the quarter, driven by transformers and high-voltage product, reaffirming our Make in India for India and the world approach.

Lastly, our continuous focus on adopting a leading mindset and implementing operational efficiencies have allowed us to streamline our processes, reduce waste and optimize resource allocation. The accomplishments of this quarter not only highlight our expertise, but also showcase of our ability to provide innovative solutions that meet the evolving demands of the India's energy landscape.

CEA has issued a draft energy plan, National Electricity Plan, which covers the assets created in 2017 to '22, detailing the plan for the period of '22-'27 and the prospective plan for the period of '27-'32. This plan gives us strong confidence on the future of transmission. We are seeing technology domains like HVDC, both LCC and VSC, STATCOM, digital substations forming the backbone of the future growth.

We are dedicated to concreting a sustainable and resilient energy future for India and eagerly anticipate the exciting opportunities that lie ahead. I would like to sincerely express our thanks to all the stakeholders of GE T&D India Limited. Thank you.

Now I invite Abhishek for further insights.

Abhishek Srivastava: So thanks, Sandeep. Continuing with our endeavour to create the grid for future, we commissioned four more key substations for our customers in the last quarter. The first one was for Power Grid at Kopili, which is in the state of Assam. So the substation is 132 kV GIS substation where we commissioned a GIS bays plus 160 MVA transformer. This is going to improve the reliability of power available in the state of Assam. This serves as a power evacuation substation for 200-megawatt NEEPCO hydropower plant.

The second key achievement for us in the last quarter was to commission the first interstate transmission project for ReNew. So this was the first renewable energy evacuation transmission system that they had set up. So it is a 1,500 megawatt power evacuation system, improving the reliability for the state of Karnataka. And the scope was predominantly 400 kV AIS, we commissioned 125MVAr reactors, which were our own supply, and 500 MVA ICT.

The third substation was the biggest interstate transmission project for Adani, which is at WKTL Warora which was the last substation that we commissioned in the month of October. This is a big, 765 kV AIS scope. And in that also, we commissioned 80 MVAR single-phase reactors in addition to the AIS bays that we had.

The fourth key addition for us was at BPC Chumdo, and this is in Bhutan, wherein we commissioned 80 MVA transformer along with 220 kV GIS bays. And this substation, again, it is noticeable to say that it's going to strengthen the transmission network of the country of Bhutan.

So with this, I hand over to Sushil for further updates.

Sushil Kumar: Thanks, Abhishek. Good evening, everyone. Talking about orders on Page 6, Sandeep already mentioned the numbers. So basically, for the quarter, we achieved INR23.6 billion of orders, which was almost 3 times the order that we booked in the quarter 3 of last year. And similarly, on a 9-month basis, we had INR44.5 billion of orders compared to INR18.6 billion of order in 9 months of the last financial year, representing 2.4 times increase. Key orders, Sandeep already touched in his speech.

Talking about our financial performance on Page 7. Our revenues increased by about 8% in the quarter, and we achieved about INR8.3 billion of revenue in the quarter. However, a remarkable improvement in the performance happened in terms of profitability, whether in terms of EBITDA or profit before tax or profit after tax.

We generated an EBITDA of INR923 million, and this was 11% of revenue and represented a 6-point increase versus the Quarter 3 of the last financial year. And similar improvement in the profitability happened throughout the other key parameters, like profit before tax and profit after tax.

Similarly, on a 9-month basis, we had a revenue of INR22.5 billion, representing 8.9% increase. However, the EBITDA performed well wherein we generated EBITDA of INR2.2 billion, which was 5 percentage points higher than the last year 9 months. And our EBITDA for the 9 months stand at around 10%. As Sandeep mentioned, we became debt free. And now we have cash and cash equivalents of about INR1.5 billion with us.

I would also like to highlight the change in the directorship that happened in this quarter. So Mr. Rathin Basu is appointed as the Chairman of the Board of Directors. He is appointed under the category of Independent Director. And in addition, we had two Non-Independent, Non-Executive Directors, Fabrice Aumont and Jesus Gonzalez. Their detailed profile are also given in the presentation.

Now talking a bit more about the financial numbers. On Page 8, we have given the split of order booking, revenue and orders in hand. So in terms of orders of INR23.4 billion, 54% of the orders were received from the domestic market and about 46% orders were from the export market. And this will really highlight the shift that has gradually happened between domestic and export market. We have basically increased our share of order bookings from the export market.

39% of the revenue for the quarter was from the export market and 61% revenue from the domestic market. In terms of order in hand, 72% of orders in hand were from the private segment customers, about 20% orders from the central utility and about 8% of orders from the state utility.

In Page 9, we have given some of the financial trends, about how we are making progress in terms of our financial performance quarter-on-quarter. And every quarter for the last five quarters, we have been improving on almost all important KPIs.

I will take a couple of minutes on Page 10. So in today's Audit Committee and Board meeting, the Board of Directors approved certain additional related party transactions. And since these are material related party transactions, these will require the shareholder approval. In the due course of time, we will send the postal ballot notice for the consideration of the shareholder.

I will talk about these three related party transactions now. The first one is LM Wind Power Blade India Private Limited. We have already sought approval of the shareholders to the extent of borrowing from GE cash pool, from this entity for about INR5 billion and an inter-corporate deposit that we can place on this entity for INR1.5 billion.

As we mentioned, we already have about INR1.5 billion cash, and our effort is to generate and to produce more cash for the company in the coming quarters to come. We are seeking additional approval of INR3.5 billion for the inter-corporate deposit and lending to the cash pool, bringing the total lending limit to INR5 billion. So that's the one resolution in the postal ballot that will happen.

The second and third are related to the increased volume that we expect from the export market through our grid partners, mostly for our high-voltage product business. So for Grid Solutions SAS and Grid Solutions Middle East, we expect and we're in discussions for additional volume of about INR10 billion.

The expected timeline is going to be most likely Q1 of the next financial year. That's our aim. But let's say next six months, before the next AGM, we will have this INR10 billion of order booking that we are negotiating. And hence, we will seek shareholder approval for the same as well. In case the shareholders have any questions about these transactions, you are welcome to ask any questions.

And with that, we will now open up for the questions. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi Sandeep, congratulations on a great quarter, sir. I think this is the third quarter of continuous turnaround for the company, and we have become net cash as well. My first question is on -- so we are being positively surprised by the related party transaction order bookings going up and we had earlier with Grid Solution UK entities. So how do you see this related party transaction? I mean, do you think there is still a significant scope for next year order bookings from the group companies?

Sandeep Zanzaria: Thanks, Parikshit. So I think as you are aware, that energy transition is not only an Indian phenomena, but it's a global phenomenon. So I think one of the aspects, what we are seeing, there is a surge of demand which is coming from a lot of geographies. So I think, this is where we are also supporting our group companies in acquiring the orders and being a part of the energy transition globally.

Parikshit Kandpal: But my question was, are you looking at such kind of opportunities? Do you think the volume of business increasing even from here on? I mean, for the next year?

Sandeep Zanzaria: Yes, definitely. That's the target to increase the volume of the business as well. And we are also -- this is something like the approval, what we are taking. The deliveries are not going to be like in a 12 months' time frame, but it's going to be a bit extended time frame.

Parikshit Kandpal: Okay. So that was my second question. I mean, generally, the company -- your peers are talking about under-investment in capacity building globally and as well as in India. So for your order book, we have been winning new orders, but I think INR1,000 crores we've been winning in this quarter, INR2,400 crores. But we have been lagging behind in terms of execution ramp up. So has the lead time of deliveries increased significantly because of the shortage in the capacity? So if you can help us quantify, what is the current capacity utilization? And what would have been the elongation in the delivery lead time for the products?

Sandeep Zanzaria: So Parikshit, I will just say here that, okay, for example, today, when we're looking -- and then you're looking at about INR1,000 crores a quarter, you will see there's a substantial part which has been associated with transformers and reactors, and transformers and reactors have a slightly higher delivery in the market. Like the deliveries are starting from like 12 to 15 months to 18 to 24 months.

And when we look at, for example, the HVDC transformers, what we have booked, the deliveries at 2 years-plus. So -- and we expect that maybe after a quarter or so, the ramp-up of execution will also start and the revenues will also start growing up. That is the expectation.

Parikshit Kandpal: Okay. And just the last question on capacity expansion. I mean you've seen both export demand as well as demand from domestic market. So what will be the current capacity utilization? And any plans for further expansion in capacity? And what could be the capex outlay for that?

Sandeep Zanzaria: So capacity is, of course, for example, with our lean, we have ensured that the factories are like -- the days which were earlier used for kind of one voltage level are now used for multiple voltage level. So capacity-wise, we have made our factories more flexible depending upon the load which was coming. And for many of the factories, we are -- I would still not say that we have meet kind of 100% capacity limit for looking for an expansion.

So first, things would be that -- to reach that limit. And then also, there would be other like lean projects, etc. that how could debottleneck capacities. And then capex also can be done like, for example, if there is a debottleneck in one process, we just debottleneck that process and then increase the capacity. So capacity expansion doesn't mean that you have put up a new factory only. So, based on the requirement and based on this thing, we are constantly evaluating. And whenever there is something like that, definitely, we will be taking the call.

Parikshit Kandpal: Okay. Okay, sir. Thank you and wish you the best.

Sandeep Zanzaria: Thanks, Parikshit.

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

Mohit Kumar: Good Evening, Sir. Thanks for taking my question. So my first question is, sir, you have taken a substantial order flow inflow from U.K. subsidy -- U.K. company. Does it impact any way our ability to participate in upcoming domestic HVDC opportunity?

Sandeep Zanzaria: So this is something which is like…kind of -- but I don't think that it is going to impact our participation in the domestic HVDC.

Mohit Kumar: Understood. So my second question is, of course, the domestic tendering activity have picked up sharply. But I think it's not translated into order inflow in the particular quarter. Does it mean that the pickup which has happened, especially in the Q3, will materialize into a much, much larger order inflow or makes…

Moderator: Sorry to interrupt. Mr. Kumar, your line is breaking, so we are not able to catch your words. Can you please check the line and repeat your question?

Mohit Kumar: Sure. Is it better now?

Sandeep Zanzaria: Yes. Now it is better.

Mohit Kumar: My question was that, on the domestic pickup. Given the fact that a large amount of tendering has happened in Q3 FY'24, and there is a healthy pipeline of TBCB opportunities in the next 12 to 15 months. Does it mean that our -- the order inflow should see a substantial increase, especially in the next 12 months? How are you seeing the inquiry from the domestic side?

Sandeep Zanzaria: Yes, I think you are right, Mohit. The kind of traction, what we are seeing on TBCB market, definitely, we'll get the advantage of booking or the increased market. As the pipeline in that time will be much better, I think, there will be an impact on the order book situation as well. But we have to also understand the fact that this number contains a large order from U.K. Grid Solutions, which is like close to about INR800 crores or INR8 billion. So that also you need to take into factor, while recognizing the number for this quarter of order intake.

Mohit Kumar: And the last question, sir, why other income was negative during the quarter?

Sushil Kumar: So in the first 6 months, there was a forex gain. And hence, it was recognized as other income in the quarter 1 and quarter 2. But on a YTD 9-month basis, there is a forex loss. And hence, to the extent of income recognized in the first 6 months, it has been reversed in the quarter YTD 9 months number as a net, forex loss, is recognized as other expense. So, it's more an accounting of forex the way it works quarter-on-quarter.

Mohit Kumar: Understood. Thank you and all the best.

Moderator: Thank You**.** The next question is from the line of Abhijeet from YES Securities. Please go ahead.

Abhijeet: Good Evening Sir, and congratulations on a very strong all-round performance. So my question is on the domestic execution front. What we have seen in the last 4 to 5 quarters is that the order inflow from domestic side has been strong relatively. But the revenue has declined, especially if you talk about Q3. We have seen a 10% revenue decline in the domestic business. So can you comment on the execution of the domestic business? What is impacting this kind of slowdown?

Sushil Kumar: Abhijeet, it is about the phasing of the projects, the time line what the customers give us to execute the project. And whatever those projects' time line was there, we are executing on time. As Sandeep mentioned, with a strong order booking in the quarter and 9-month basis, hopefully, in the coming quarters to come, both domestic as well as export revenue should pick up.

Abhijeet: Right. And sir, hopping a little bit more on the capacity addition front. So right now, there is no plan of any brownfield or greenfield addition in capacity. Is that the right assumption?

Sandeep Zanzaria: Yes.

Abhijeet: All right. Because, I mean, in the event of -- or I mean we have this idea that the parent entity has a lot of HVDC orders. And going forward, would there be capacity constraint in terms of order booking, even if -- in terms of the cost structure, in terms of the profitability of the project, the entity assumes that we are the one to deliver the project. But if there's capacity constraints, will that be a concern for us in terms of order booking, particularly large orders like the one we booked recently.

Sandeep Zanzaria: No, I don't think that, as of today, capacity constraint has emerged in any way for us to build the new orders. So when that time will come, probably we'll take a decision at that point of time. But like for example, a lot of geographies, the order booking conditions, they come with their own respective conditions as well.

So for example, maybe in the Western world, if the order come with the rider that you need to create local capacities, then probably capacity get created according to the customer demand as well. So I'm just saying that basically, we'll have to see the capacity creation depending upon the need. And also, we are open to it. But today, we have no concrete plans of doing that.

Abhijeet: Understood, sir. So just one last one. So what is that criteria that the parent will decide to give a particular order to any entity out of the number of entities it has globally? So what would be those variables that go into this kind of decision making?

Sandeep Zanzaria: So there are multiple variables, Abhijeet. For example, one, the first one which comes is which all factories or which all geographies are accepted with the customer? That is the first one. Second thing is also the capacity which is available which matches the time frame of the project execution as well. So these are the main considerations based -- and third, and sometimes when it is -- what is the technical experience of the required and the product portfolio, which is available within an individual factory. So these are the factors which decide from where to buy, globally these decisions are taken.

Abhijeet: Right, sir. Thanks a lot for answering the questions.

Sandeep Zanzaria: Thank You Abhijeet.

Moderator: Thank you. The next question is from the line of Umesh Raut from Nomura India. Please go ahead.

Umesh Raut: Hi Sir, Good Evening. Congratulations for the good set of numbers. So, my first question pertains to ordering from the power sector. Now that you have started material order inflow from power sector, especially from thermal power. And Government of India is planning to add capacity close to about 80 gigawatt over the course of next few years. So what kind of addressable ordering opportunity for a player like GE T&D has from this particular sector?

Sandeep Zanzaria: So Umesh, basically, we are a company which is dedicated to the transmission side, and the transmission is generation-agnostic. Means, if it is a renewable generation and requires a transmission, we are there. If it is a thermal generation requires a transmission, we are there. If it is wind, if it is hydro. So, we are the common factor between the various generations which are there.

So for us, for example, we are manufacturing the products. The source of generation doesn't matter so much for the hardware products, what we have. So for us, if it comes from thermal generation also, we have absolutely no problem in addressing that market.

Umesh Raut: Okay. But specifically talking about these GIS orders from BHEL. So how much of a total, say, capital outlay this could be in terms of percentage of say total cost for the power plant? How much of opportunity that you can cater in terms of addressable market?

Sandeep Zanzaria: So, if I really look at, for example, it would not be so big. Probably the requirement of transmission in a thermal power plant will be like close to about 10%. So whatever is the capex, about 10% is going to form a part of the transmission which is associated with the power plant. So that is -- whatever power plant is being put up, there's a substation associated with that, so that is there.

But what happens is that, in order to evacuate that power, then there are multiple substations which are built. So if you include those substations as well, then it depends upon the transmission planning and the voltage and number of substations. So that is difficult to predict just off-hand. But dedicated as a part of the project, it's close to about 10% of the thermal cost.

Umesh Raut: Got it, sir. Sir, my second question is more of in the power sector ordering. So how much market share you have across the sector, especially from the private sector? And how is your positioning as per the other competitors?

Sandeep Zanzaria: So, you know…When we look at our competition and all, it is very difficult to predict. I will say that, okay, of course, we have a prediction mechanism but -- or the tracking mechanism. But when we really look at competition, it is very difficult to find players who are identical to us in the domain. For example, there are people who are there into transmission projects, but they don't manufacture. But people who are into manufacturing, but they are not into projects.

So in some sectors, for example, or in some product lines, we have like the best market share, the highest or the second-highest market share. But in some, where we have a conscious decision not to grow too much of a business because of the risk associated, we have taken a position, which is like to do business only with very selected clients and could be a very nominal amount of business.

So I would not track it through my market share, but I would be more interested in tracking my profitability and also -- my profitability and cash. So that would be the two metrics which I would like to be tracked rather than market share.

Umesh Raut: Got it, sir. My third question is related to these related party transactions which are kind of under approval from the shareholders. I think if I'm correct, now that has kind of increased to close to about INR3,000 crores for FY '24. And if I look at export ordering, so how much of that could have been realized in the first nine months of FY '24?

Sushil Kumar: So Umesh, your question is not very clear. If you can probably elaborate a bit, it will be helpful.

Umesh Raut: Yes. So basically, earlier, we were kind of under process for getting approval from shareholders for about closer to INR1,800 crores of related party transactions. But now that there is one new fresh entity, which is from Middle East. And there is also additional approval from existing entity, which is worth is about INR600 crores more.

So basically, total related party transaction approval has now kind of increased about close to INR3,000 crores. And as a part of that, you must have received some of the ordering as well in first nine months. So basically, in third quarter, you have received closer to INR800 crores of large orders from UK grid solution.

So basically, on this particular line, how much of total ordering you have received out of, say, closer to INR3,000 crores, which is kind of under approval for FY '24?

Sushil Kumar: So the approval that we are further seeking is for about INR10 billion for the orders from the related party customers. That is a INR6.5 billion from Grid Solution SAS and INR3.5 million from Middle East entity. These INR10 billion are expected to come, as I mentioned, the time line is from March to August, before the AGM.

And most likely that we anticipate if we are able to win this deal, it will be the quarter one or quarter two of the next financial year. It will not fall in the current financial year. In the current financial year, we have booked total orders of INR44.5 billion. And let me just recollect how much is the export percentage there.

Just give me a sec. Maybe we park this question and I'll come back to you in a minute about the total export order and how much of those are related to the group companies.

Umesh Raut: Sure, sir. Sir, my last question is pertaining to localization. So can you please throw some light on key products, like GIS substation or maybe switchgear, what kind of localization you have currently? And as compared to other group companies of GE located across the globe, how Indian arm is kind of comparatively placed as compared to -- on the lines of the localization?

Sandeep Zanzaria: So I think, Umesh, basically, localization is a process. So it's not something that like you reach it, one point, and then you stop it. So for example, when for the products which we offer, for example, I'm looking at circuit breakers and instrument transformers, where the localization will be in excess of like 80%, 85%. So that is the thing.

Other things, for example, GIS and all, we have a pretty high -- because GIS also, what happens is, it depends on the different voltages, the different localizations come into play. But because we were the first to put in the GIS factory, we are kind of leading the localization in India.

And it's a constant effort to keep on developing sources, but I can say that for GIS, also various ratings, it would be in the north of like 60%, 65%, something like that.

Sushil Kumar: T to answer to your question on the order booking side, the total nine months, we have booked about INR44.5 billion of orders. About 32% of these orders are from the export segment, which takes the total orders between from the export market to around INR16 billion roughly. And out of that INR16 billion, INR12 billion orders are from group party, including the INR8 billion of the UK HVDC transformer order.

So these are the numbers for nine months. And for the financial -- if you want to see the financial year, we'll have further order booking from the related party as well as third parties in terms of export segment for the quarter four.

Umesh Raut: Got it, Sir. Thank You so much. All the very best.

Sandeep Zanzaria: Thank You Umesh

Moderator: Thank You. The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.

Subhadip Mitra: Good Evening and Thank You for the opportunity. So my question is on the export front. If I have to kind of break down the market sizing of both, let's say, the export market that you're looking at, let's say, over the next one to two years, and the domestic market. Would it be possible for you to give us some colour on that?

Sandeep Zanzaria: No, Subhadip. It is very difficult to give a number for the export market and all because that's a very large -- that's like a global market we are talking about.

Subhadip Mitra: I understand. So let me ask this in another fashion. So if I were to gain some colour from you in terms of how much of export order inflow or sales, would you be targeting, let's say, over the next two to three years?

Sushil Kumar: I think let's look at it differently. For us, whether order is from the domestic market or from the export market, we choose the one which is giving us a better profitability and a faster cash generation. We have been talking about selectivity in the last couple of years, and that strategy has played off. We have seen improvement in the financial numbers. We have seen improvement in the order booking numbers, both from the domestic as well as export segment. So, wherever we get the right opportunity to increase our profitability and cash, we choose that order.

Subhadip Mitra: Understood. Understood. So on your current capacity base, your current capacity can support how -- higher turnover? Would that be another way of looking at it?

Sandeep Zanzaria: So, Subhadip, you know...it is.. it will also depend upon product mix, voltage mix, business line mix. So this is not kind of a direct answer to it, that okay, this is the kind of turnover that we can submit. Or again –

Sushil Kumar: I'll give you a different explanation on this one.

See the peak revenue that we generated, I think the year '17-'18 and '18-'19 was to the range of INR42 billion to INR44 billion. At present, we are running at a rate of, say, INR30 billion. So capacity is the -- or the volume is coming not only from factories, but the turnkey business. Suppose we win an HVDC project, that just mean to add more people, more engineers, so we can get to additional revenue.

So it's difficult to give one short answer, but yes, we have the past experience and ability to grow our revenue significantly from here.

Subhadip Mitra: Understood. Secondly, sir, on the margins. Clearly, this has been a spectacular quarter in terms of margins. Do you see these kind of margin levels sustainable? Or were there any one-offs in this particular quarter, whether with regard to inventory or otherwise?

Sushil Kumar: There is no specific one-off. I think we have a higher confidence in terms of margin as compared to past, and our endeavour is to maintain or improve these numbers.

Subhadip Mitra: So similar numbers in the double-digit range is something that you feel is sustainable?

Sushil Kumar: That's our endeavour. Yes, for sure. It all depends on the mix of projects in a particular quarter and so on. But over a, let's say, long term in terms of few quarters, that's where the company is working towards.

Subhadip Mitra: Perfect. Lastly, if you could also tell us, what is the 9-month forex loss number that you have booked?

Sushil Kumar: If you can just give me a seccond-- it's about, I think, INR105 million.

Subhadip Mitra: INR105 million. Okay, understood. I think there was also an earlier question with regard to how much of your current order inflow in the 9 months is exports? I don't know if you already answered that.

Sushil Kumar: I answered in the last question that, out of INR44.5 billion, 33% or about INR16 billion are from the export segment.

Subhadip Mitra: Perfect sir. That answers all my questions. Thank you so much.

Sandeep Zanzaria: Thank you Subhadip.

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

Renu Baid: Yes. Hi sir Congratulations for strong results. And good to see Basu sir back as the Chairperson of the company now. So thus, I have 2 small basic questions.

One, while you started seeing large -- I mean, typically from an export perspective, we had various -- we were also exporting earlier, solutions and projects also. But in terms of large product exports, apart from HVDC transformers, where we see large orders coming from the parent. Do you think there could be some scope for switchgears, AIS, GIS, also along with some large system projects? Or probably the global capacities or the local capacities for such projects are sufficient to take care of the requirements?

Sandeep Zanzaria: Renu, we are looking at an uptick there as well in AIS, GIS. For example, this year, we have got an order from Senegal for a GIS project, like more than INR100 crores. So we are looking at a good traction there as well on AIS, GIS also.

Renu Baid: Right. And because traditionally, if you see, as in compared to the other T&D players, GE has been a project company. So it was only during the down cycle where, because orders were not there, it hit us on the negative side. And now when the growth is back, both products and projects should help drive that extra beta in terms of growth rate for us.

So the second question is, just from an academic understanding perspective on the transformer part of the business, if you can just help us understand two small things. Currently, what is the rated transformer capacity that we have? And are you operating on two shifts, three shift basis? And YTD at the end of December for 12 months on a TTM basis,etc, what is the approximate utilization level based on the two shift or three shift that you're running a transformer capacity?

Sandeep Zanzaria: I will not put it as an MVA capacity kind of thing for transformer, Renu, primarily because if you -- for example, if you manufacture -- I'm just saying a HVDC transformer. So HVDC transformer offers 300 MVA, might be more complex and would be equivalent for maybe like the 700 MVA type of a normal transformer. So it's very difficult to actually put because a lot of things play in there, but whether it's a 765-kV single-phase, 400-kV three-phase, there are multiple factor which play into it...

Renu Baid: That I totally appreciate because the volume and the mix will anyway bring in 20% kind of volume differential from the same capacity, depending on the time of order...

Sandeep Zanzaria: So it's pretty difficult. And then reactor capacity different and then transformer capacity different. So that's why it's very difficult to predict kind of a capacity for a transformer plant. That is one thing. Second thing is, we are operating kind of two-plus shift today for transformer. And what was the third question?

Renu Baid: The same only, are we working on two shift to three shift basis? And I was just trying to look at some industry, just trying to compare or prepare some industry data point, which is where I was asking for rated installed capacity. So actual production would be 20% higher than that based on the mix of that. Doesn't matter. Just looking at -- because after many consolidation, it would be close to 28,000 MVA or would be 32,000 types?

Sandeep Zanzaria: I will not put a number there, Renu, whether it's 28,000 or 32,000.

Renu Baid: No problem. I think that is understandable. That is it. No other questions from my side. I think strong performance and best wishes going ahead as well.

Sandeep Zanzaria: Thank you, Renu

Moderator: Thank you. The next question is from the line of Amit Anvani from PL Capital. Please go ahead.

Amit Anvani: Hi, sir. Thanks for taking my question. My first question pertains to, again, the related party transactions, which you mentioned 10 billion under approval. This was -- you said that these orders are -- hello? Am I audible?

Sandeep Zanzaria: Yes, you're audible, Amit.

Amit Anvani: These orders are extended with extended timeline. So just wanted to understand the timeline for these orders. And are the margins for these others similar to the base business margins?

Sushil Kumar: And in fact, they are also further participating in the bid with the third-party customers to win these orders. The timeline for those entities will be decided is most likely from March to August of this year. March is less likely, while the quarter 1 and quarter 2 of next financial year, when we expect to have a final outcome of these bids, whether they are either in favour of GE T&D and then whether we get it or not.

Amit Anvani: Actually sir, wanted to understand the duration of the delivery of these orders?

Sushil Kumar: It is about 12 to 18 months. And again, I think differs with different products. In some cases, 12 to 18 months; and in some cases, 18 to 24 months.

Amit Anvani: Right. And next question on -- you mentioned that lead time has gone up and you're seeing a huge surge in the export power products market. And domestically also, we are looking for the surge in the ordering from HVDC. So what is your thought -- will the lead time further increase? Or this is the scenario, you're looking that this will stabilize at the current demand level? Just what is your perspective for next one to two years on the overall market scenario?

Sandeep Zanzaria: Listen, Amit, I think the lead times are normally -- of course, there are other factors also for the lead time, like, for example, the availability of the raw material and all as well. Because with today's growth happened globally, even there is some stretch of capacities on the raw material side as well.

But I think that the lead times, what we have today should be maintainable. That's what we feel. But it will also depend upon how the market and the projects evolve in the short term as well. Like in a year, what kind of orders get decided, that will also have impact on lead times as well.

Amit Anvani: Sure, sir. And lastly, I wanted to understand from you the status on the HVDC ordering and domestic market, which we used to highlight. Like Fatehgarh -- I just wanted to understand, what is the near-term pipeline in domestic market from HVDC side and overall addressable market here?

Sandeep Zanzaria: So there are three projects which are there, which have been floated by the -- for TBCB as a developer. So one is [Fatehgarh to Badhla] and two projects are from Khavda. The company is actively working with customers on the projects.

Amit Anvani: Are we expecting in FY'/35

Sandeep Zanzaria: '35?

Amit Anvani: '25.

Sandeep Zanzaria: I think, yes, it should get decided in the next year -- next financial year.

Amit Anvani: Sure, sir. Thanks for taking my question.

Moderator: Thank you. The next question is from the line of Dhruv Aggarwal from Niveshaay Investment Advisors. Please go ahead.

Dhruv Aggarwal: Hi Sir, Good Evening Sir. Congratulations on good set of numbers, sir. Sir, basically, what had led to like you jump up in order intake of around 119% on a quarter-on-quarter basis, sir? Like from which sector has these major orders came from? And like going ahead, from where do you see the major traction coming from sir?

Sandeep Zanzaria: So, the orders are mainly coming because of the growth which is happening in the energy transition, like the renewable projects which are coming up and the transmission capacities which are getting built. So going forward also, that's going to -- that will remain as the main domain from where the orders will come up.

And of course, now the Government of India has come up with another plan of 80 gigawatts for thermal and all. So it's basically the increase of generation capacity, associated transmission network, is the order work that we are getting.

Dhruv Aggarwal: Okay. Like, sir, one more question related to that only, as the government has increased the investment outlay plan of like INR2.44 lakh crores to INR2.75 lakh crores for integration of over 500 gigawatt renewable energy capacity. So what kind of demand we can expect the transformer will contribute? And out of the state transformer demand, what share would the company would be able to cater to sir?

Sandeep Zanzaria: So, it is a bit difficult to quantify the numbers in that value because that's a complete transmission plan that requires right of way, transmission line cost, installation cost, transformer costs, voltages, HVDC. So there are a lot of combinations which are there. It's difficult to predict the transformer market out of that.

Dhruv Aggarwal: Sir, market share, can you please quantify? Like if you can give some colour?

Sandeep Zanzaria: No. Market share, we will not quantify, Dhruv.

Dhruv Aggarwal: Okay. right, sir. And sir, like what kind of EBITDA margins we can expect in coming years, let's say, like in '24-'25? And the revenue guidance, sir, as well?

Sushil Kumar: Generally Dhruv we don't give revenue guidance or margin guidance as a specific number. But as we mentioned in the call, we have a significant uptick in the order backlog. Now the order backlog is about INR58 billion-plus. So this should give us an increase in the revenue in the quarters to come. And in terms of EBITDA margin, as I mentioned in the earlier question, that on a nine-month basis, we have been generating an EBITDA of 10%, and our endeavour is to maintain and try to improve this further.

Dhruv Aggarwal: Okay. Fair enough, sir. And like my last one question. If you compare the sales growth on year-on-year basis, it has increased by 8%. And the EBITDA numbers, if you compare on a year-on-year basis, it has increased by 110%. But sir, why it is so like is there? Any increase in fixed prices or reduction in the raw material prices? Can you please specify that?

Sushil Kumar: It's a combination of many factors. And the first and foremost, we have taken many-many internal actions to expand the margins. The first theme that we talked in the last two years was the selectivity. And we have been very selective in choosing the deals with less risk, better profitability and faster cash generation.

The second is internal productivity that Sandeep talked about. Third factor is to control of workforce. And the fourth is the mix of the business. We are doing less of the turnkey business, which has, let's say, higher risk and low margin. And we are doing higher on the product business and also on the export side.

The export business is better profitability. So, all these different combinations have worked well for us to improve profit significantly.

Dhruv Aggarwal: Okay. Right, Okay Sir. Fair Enough. All the best for the future.. Thank You

Sandeep Zanzaria: Thank You

Moderator: Thank You**.** The next question is from the line of Jonas Bhutta from Birla Mutual Funds. Please go ahead.

Jonas Bhutta: Thank You Sir for the opportunity and congratulations on a good set of numbers. Two questions, sir. Firstly on the gross margin. So if I go back in time around FY20 and right through FY24, our commentary on gross margins was that we are operating at sub-30% gross margins, and our target was to take it at a steady state level of 32%, which was always been our long-term average.

Now for the past two quarters, we've sort of clocked about 36 odd Percent, and which you sort of alluded to, this is a factor of mix, etc. However, given the current order backlog of INR58 billion, do you believe that the mix is such that these levels of margins -- so these are the new normal margins at least in the current backlog?

Because most of these orders, ever since we've changed our strategy, these orders would have come in the last four, five quarters, and they are all reflective of a substantially higher gross margin than our long-term average.

Sushil Kumar: Yes. So as I mentioned earlier as well, and we have been commenting for a couple of years about focus on profitability and cash generation. So you're right, that we were booking orders that sub-30, and our endeavour was to take it to the range of 30% to 32%, making, improvement in execution over the order booking volumes.

But along that side, the actions we're trying to take, finding which areas to target, which customers to target more, we have been able to improve our pricing and improve our mix of the project, which has helped us to generate about 35% of gross margin on a nine-month basis. As I said, our endeavour is going to continue to focus on these directions to have better profitability and focus, profitability and as well as the cash generation.

So if you also see the cash number, we have generated INR3.3 billion of cash in the nine months, which is again a result of all the actions we've been communicating in the last 2 years or so.

Jonas Bhutta: Sure. Could you highlight what is the broad mix between projects and products in our backlog? And what was it maybe 2 years ago?

Sushil Kumar: Jonas, I don't have that much information as of now. Maybe we can have it in the next call. So we'll keep a note of that and try to present it in the next call.

Jonas Bhutta: Sure, that will be helpful. My second question was on the HVDC orders, particularly that from the group. Is it so that as the -- if the same sort of orders were executed for a domestic client and the kind of imports that were required, has there been a material change?

So point being, just an example. So even if you were executing in domestic HVDC order, at least previously, thyristor valves, etc, were imported. Is that going to be the case even in this export order from the group entity? Or we've internally developed manufacturing capabilities there?

Sandeep Zanzaria: So just one clarification here. This is basically the order only to supplier transformers or the HVDC..

Jonas Bhutta: So this not the terminal bit?

Sandeep Zanzaria: Not the terminal. We are just supplying part of transformers for HVDC project, which has been executed by UK Grid Solutions.

Jonas Bhutta: Understood. And the last bit question that I had and I want to squeeze in is the pace of growth in our other expenses, if I see in the last 3 years, has outpaced sales growth. And even in this quarter, while we've done a phenomenal job on gross margin. A lot of what flew through or could have flown through to EBITDA was taken away from the higher growth in other expenses. Your sales grew at 8%, our other expenses grew by almost 14%. This was the case in Q2 FY '24 also. So what seems to be leading to this kind of growth in other expenses?

Sushil Kumar: So as I mentioned for the quarter, we have about INR100 million of FX in FX loss, mark-to-market on the hedge contracts for the quarter, which is more notional in nature and more an accounting, the way we have book losses in the forward contract. So if we exclude that, then the increase is more in line with revenue in terms of the expenses that grow with revenue. For example, travel or trade expense and basically the repair maintenance, etc...

Jonas Bhutta: Wasn't that reflected in the negative other income number? Sorry, the INR10 crores FX loss?

Sushil Kumar: So for the quarter, we had about INR15 crores of forex loss. But for the first 6 months, we had recognized INR5 crores of income in the other income. The way accounting treatment or the representation happened in the financial statement, that out of quarter loss of INR15 crores, the first INR5 crores is offset against the other income because it was taken as gain taken in the first 6 months.

For the 9 months basis, there is no other income. And the balance, INR10 crores, is booked as a forex loss in the other expenses. So on a 9-month basis, there INR10 crores loss represented in the other expense..

Jonas Bhutta: Got It. Thank You and all the very best.

Sandeep Zanzaria: Thank You

Moderator: Thank you. The next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.

Nikhil Abhyankar: Yes. Thank You, Sir, most of the questions are answered. Basically, I want to understand, do we qualify for all the tenders as far as indigenous value addition is concerned for HVDC and STATCOMs?

Sandeep Zanzaria: So just one -- I'd like to answer that way, that even in Champa-Kurukshetra, a large part of the HVDC, which is included thyristor valves and transformers, was delivered by other local factories. So we are qualified actually for these bids.

Nikhil Abhyankar: Okay. And sir, is there any addressable market for RDSS scheme opportunities?

Sandeep Zanzaria: Yes, we have an addressable market for RDSS scheme. And in fact in this 9 months, we have booked a few projects, which are not of a big value because RDSS scheme had multiple scope with it. So normally, our digital business is supporting.

So in RDSS project, our digital offering is close to about somewhere in the range of close to about between 10% to 15% of the overall project cost. So those orders have been booked by us during the first 9 months.

Nikhil Abhyankar: Okay. Those are orders. And what is -- what is the execution time of these orders?

Sandeep Zanzaria: I think because we are doing the software piece of it, so I think it should be somewhere between 12 to 15 months.

Nikhil Abhyankar: Okay. Understood. And sir, sequentially, earlier in the call, you mentioned margin is a function of mix and operating leverage. So sequentially, our EBITDA margin has improved to 80 bps. So will you attribute it to better product mix or higher utilization?

Sushil Kumar: Both actually, as well as mix of projects, mix of different product lines, and as well as execution of projects with better margin.

Nikhil Abhyankar: Okay, sir. Understood. That's all from my side. Thank you.

Sandeep Zanzaria: Thank You, Nikhil

Moderator: Thank you. The next question is from the line of Inderjeet Singh Bhatia from HDFC Securities. Please go ahead.

Inderjeet Bhatia: Hello Gentlemen. Thanks for the opportunity. Just a couple of questions. First is, a couple of quarters, it was mentioned that we are still working through some of the legacy contracts which were lower margin. Are we done with those contracts? Was there any contribution of those projects in quarter 3? That's one.

Second is based on existing order book, would you give us a number as to what could be the blended timeline of execution 15 months, 18 months, whatever you can share?

Sushil Kumar: In terms of the projects with lower margin or let's say the projects where we had taken some cost overrun in the past, the quantum is reduced but still we may have some of those projects in the backlog. Over a period of next two to three quarters, we expect those projects to be fully executed.

Inderjeet Bhatia: Would it be -- would you want to hazard -- give us a number as to 10%, 20%? Is it meaningful contribution?

Sushil Kumar: I think that's very specific information we would not like to share at this moment.

Inderjeet Bhatia: Got it. And on the second question?

Sushil Kumar: Yes. The timeline of execution, again, it depends on the product line. As Sandeep mentioned, some of the projects have timeline of 12 to 18 months,

Inderjeet Bhatia: Are these blended numbers for the existing order book?

Sushil Kumar: Difficult to say the blended timeline for the entire backlog. As we said that our run rate is like INR3,000 crores of revenue, roughly INR800 crores per quarter. we should see an uptick in terms of revenue in the next financial year.

Inderjeet Bhatia: Got it. Okay. Last question is in terms of pricing, some of the larger projects -- products like transformers, has there been any serious uptick in pricing or what you are seeing from the competition, given that capacity is limited and you've seen a lot of orders being given out?

Sandeep Zanzaria: Yes, I would say that the pricing has increased. That's what I will say.

Inderjeet Bhatia: Got it. Thank you.

Sandeep Zanzaria: Thank you, Inderjeet.

Moderator: Thank you. 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 all for joining us today for GE T&D India Limited Earnings Call. 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 Communication Leader, Ms. Kanika Arora.

Once again, thank you so much for your participation. We look forward for your continued support as we embark on an exciting journey ahead. Thank you.

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