



GE T&D India Limited

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August 12, 2023

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BSE Limited
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Dalal Street
Mumbai 400 001

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

Code No. 522275

Symbol: GET&D

Dear Sir,

Sub: **Transcript - GE T&D India Limited Earnings Call for Investors held on August 08, 2023**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on August 08, 2023 in respect of Un-Audited Financial Results of the Company for the first Quarter (Q1) and three months period ended June 30, 2023, of the Financial Year 2023-24.

You are requested to take note of the same.

Thanking you,

For GE T&D India Limited

Anupriya Garg
Company Secretary & Compliance Officer

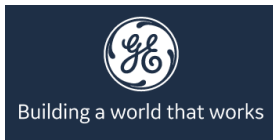


“GE T&D India Limited Q1 FY24 Earnings Conference Call”

August 08, 2023



MANAGEMENT: MR. SANDEEP ZANZARIA – CEO & MANAGING DIRECTOR, GE T&D INDIA LIMITED
MR. SUSHIL KUMAR – WHOLE-TIME DIRECTOR & CFO, GE T&D INDIA LIMITED
MR. ABHISHEK SRIVASTAVA – HEAD, BUSINESS OPERATIONS, GE T&D INDIA LIMITED
MR. ANSHUL MADAAN – COMMUNICATIONS LEADER, GE T&D INDIA LIMITED
MS. ANUPRIYA GARG – COMPANY SECRETARY, GE T&D INDIA LIMITED
MS. TANVI GUPTA - GE T&D INDIA LIMITED



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Moderator: Ladies and gentlemen, good day and welcome to GE T&D India Limited Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Tanvi Gupta from GE T&D India Limited. Thank you and over to you, ma'am.

Tanvi Gupta: Good evening, everyone. We welcome you to the GE T&D India Limited Earnings Call for the 1st Quarter of financial year ending 2023-2024. I am Tanvi Gupta from GE T&D Finance and Investor Relationship team. We are delighted to have you all here on this call.

During the call, we will discuss about the Company's “Financial Performance”, including “Operational Highlights”, share the “Key Updates” and we will address the questions if you have any. Before we begin, I would like to highlight few important notes for today's call.

Firstly, as we just have declared the results for the 1st Quarter of the Financial year ‘23-24, the said results are available on our Company website. Further, we have also prepared an “Analyst Presentation” for the quarter, which will be under discussion during this call. The said presentation has been emailed to you and is also available on our Company website.

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

Now, let me introduce the GE T&D India Management Team available on the call. During this call, we will be joined by Mr. Sandeep Zanzaria - CEO and the Managing Director of the Company. Along with him, we will be joined by Mr. Sushil Kumar – Whole-time Director and CFO of the Company, Mr. Abhishek Srivastava – Head (Business Operations), Mr. Anshul Madaan – Communications Leader and 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 the 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 will hand over the call to Sandeep for his opening remarks. Over to you, Sandeep.



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Sandeep Zanzaria:

Thanks Tanvi, and good evening, ladies and gentlemen. Thank you for joining the call.

We sincerely hope that you and your families are in good health and safe. Today, we are connecting from our Pallavaram plant, which is basically Chennai where we manufacture cutting edge products to monitor, control and safeguard the power grids and its assets. We have also invited our Board of Directors to join us in the Chennai plant for the board meeting and finalized the results of the last quarter. I took the opportunity to showcase our world class manufacturing facilities in Pallavaram and Padappai, which manufactures our HVS products in this visit.

Before we dive into the details of our Q1 performance, I am delighted to announce the release of our annual report for the financial year 22-23. The report highlights our accomplishments over the past year and provides valuable insights into the market outlook. We encourage you to explore the report and learn more about GE T&D. A copy of this report is readily available on our website. Additionally, we are excited about our upcoming Annual General Meeting scheduled on 21st of August, a recording of which will be accessible on our website afterwards.

Coming to the Results of Q1 '23-24, I am pleased to share that our team has achieved a commendable result with significant growth in order and improved margins. The improvement can be attributed to our unwavering focus on execution and our ability to capitalize on opportunities in the thriving Indian power market. In Q1 '23-24, our order book amounting to Rs. 10 billion and significant increase of 68% compared to Rs. 6 billion in Q1 '22-23. This demonstrates strong demand for our products and services in the market. Our sales for Q1 '23-24 reached Rs. 7.2 billion, showing a remarkable increase of 21% year-on-year growth compared to Rs. 5.9 billion. This impressive performance highlights the effectiveness of our strategies and robust operations.

Further, our profit before tax and exceptional item stood at Rs. 386 million showcasing a positive growth trend compared to the profit before tax and excepting item at Rs. 103 million in Q1 FY22-23. We have achieved improvement in our financial position by reducing the debt by Rs. 560 million in this quarter. Our debt at the end of the quarter stands at Rs. 1,170 million as compared to Rs. 1,730 million, a reduction of 560. This indicates our dedication in maintaining a healthy balance sheet and improving our function stability. The order backlog for Q1 FY23-24 stands strong at Rs. 39.4 billion.

I will now hand over to Abhishek for the execution comments.

Abhishek Srivastava:

Hi, good evening. I will share with you all the key operational highlights for our Company. So, in the quarter, we had made some good progress in terms of execution and commissioned some critical service stations which are going to strengthen the transmission network of our country. One of the key contributions was commissioning of 400 kV GIS substation for our customer ReNew in Koppal-Narendra. So, this particular substation is going to help in enabling evacuation of renewable power and strengthening the grid connectivity of the state of Karnataka.

After that, another key contribution or achievement that we could make was 765 kV GIS base at Doosan at Jawaharpur for Doosan which is for evacuation of the power from thermal power plant which is being set up by Doosan and that is going to help in terms of strengthening the power network for the state of Uttar Pradesh. After that, another key milestone that was reached was commissioning of 765 kV and 400 kV substation for Adani as a part of the scheme, which is known as WKTL Warora Kurnool Transmission Limited. So, that was one of key challenging projects for us which we were able to successfully commission in the quarter.

After that, another key milestone that was achieved was commissioning of 220 kV GIS for the HPPTCL at Gumma and that helps in strengthening the transmission network for the state of Himachal Pradesh and another area where we have contributed was in terms of commissioning the substation for Kerala State Electricity Board, KSEB at Shoranur, 110 kV GIS has been commissioned and that helps in strengthening the electricity network of the state of Kerala. So, with this, I hand over the mike to Sushil for financial updates.

Sushil Kumar:

Thanks, Abhishek. Good evening, everyone. I move to page 5 on the presentation and talk about the order intake for quarter 1. As Sandeep mentioned that we achieved an order booking of Rs. 10,066 million during the quarter, which represented a 68% growth versus last year. During the quarter, we booked some of the key orders which included the supply of 765 kV GIS and 400 kV GIS with Bus Duct for Power Grid at Raigarh and Kotra project; supply of 12 x 765 kV Shunt Reactor for private transmission Company in India; supply of 400 kV & 220 kV GIS for Karnataka Power Transmission Corporation at Dommasandra and Mysandra for a private transmission Company and few more. So, these are the major projects that we won during the quarter, which added up to the order booking of Rs. 10,066 million for the quarter.

Moving to the next page on the financials, page 6, we achieved a revenue of Rs. 7,176 million. This represented 21% increase year-on-year versus the last year quarter 1 number. We have an improved performance also on the profitability side where our EBITDA stood at Rs. 628 million, representing 8.7% of revenue. This was 3.5 percentage points higher than the last year, and similarly we had a significant improvement on the profit before tax and exceptional item which stood at Rs. 386 million, again significant improvement versus last year. In fact, if you see the last column on the page for the entire financial year 2022-23, we achieved a profit before tax and exceptional item of Rs. 381 million. So, the quarter profitability is higher than the entire last year profitability which is a significant progress, a similar improvement in the profit after tax. Sandeep talked about net debt improvement. We generated Rs. 560 million of cash flow during the quarter, which helped us to bring our net debt to the low level of around Rs. 1,170 million, so to summarize improvement across all key financial KPIs during the quarter.

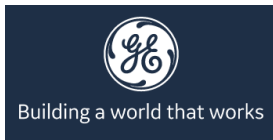
Moving to the next page 7, we have shown the breakup of orders in terms of export orders and the domestic orders. So, out of Rs. 10,066 million, about 22% of the orders were from the export markets and about 78% of the orders were from the domestic market. However, on the revenue side, out of Rs. 7,178 million of revenue, 70% of the revenue was from the domestic market and

30% revenue came from the execution of export orders. Order backlog Rs. 39,403 million. Of this, 72% orders are from the private companies or private customers, 11% orders from the state utilities and 17% from the central and the public sector enterprises.

Also in this presentation, we have included some of the key related party approval for which the information or the resolutions have been given in the AGM notice to the shareholders. We thought it is important to have a page to explain the nature of these transactions, so that the shareholders may ask any questions if they have to seek clarification. These resolutions are resolution number 4, 5, 6, 7 and 8. The first three resolutions as we have summarized on the page 8 of the presentation are related to GE India Industrial Private Limited. This is a repeat approval, meaning every year we take approval for the transactions with GE India Industrial Private Limited because the overall transaction with this entity exceeds the materiality threshold. Most of these transactions are related to the inter-corporate borrowing. In this resolution, we are seeking an approval of borrowing at any point of time up to Rs. 5,000 million and inter-corporate deposit of up to Rs. 1,500 million. There is a reduction versus the approval that we had sought last year. Last year, we sought approval of Rs. 7,000 million of borrowing, but as we have improvement in our cash performance, our borrowings are lower, hence we have reduced the requirement of inter-corporate borrowing as well. In addition to this inter-corporate borrowing and deposits, there are potential of having the sale and purchase transactions to the extent of Rs. 1,000 million. Other services, which include common services, recharge, etc., to the extent to Rs. 1,350 million and Rs. 150 million for sharing the common facilities and lease agreement. So, these three resolutions, which are repeat in nature with GE India Industrial Private Limited are proposed for the approval of the shareholders.

The next resolution, Resolution 7 is for the Grid Solution SAS. This is the French organization where we have many transactions We do buy components from this entity for our factory, we do sell finished products and components to this entity on a regular basis. However, due to increased global market situation and higher order pipeline at Grid Solution SAS, we believe that there is an opportunity where GE T&D India can have more export orders from this entity across many geographies and hence we are seeking the shareholder approval which will help us in growing our export order book and improving the execution and profitability for the Company. So, Rs. 4,400 million of sale purchase orders with Grid Solution SAS at about Rs. 1,600 million transaction approval for the sale and purchase of other services.

Now, the last resolution is with respect to Grid Solution UK Limited. We had also sought a similar resolution in 2021. As the shareholders will know that UK Grid Solution Limited is the technology partner or they are the ones who basically lead the technology on the HVDC front. They are leading many discussions with many customers for booking the large HVDC projects globally and we are in discussion with UK Grid Solution Limited to see if there is a potential of booking part of the scope of those project through products and services from Grid India which is GE T&D India Limited. So, accordingly we have requested for an approval of Rs. 11,500 billion for sale of purchase of goods and Rs. 500 million for sale of purchase of services. So,



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these are the five resolution and we seek shareholder support in the upcoming AGM. In case you have any questions, please ask me in the meeting. With that, we will open up for the questions. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. We take the first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Sir, first question is on the transmission order inflow, are you seeing a large traction inquiry for various power transmission equipment you provide given the fact that there is a large bidding pipeline is building up, is that a fair assessment?

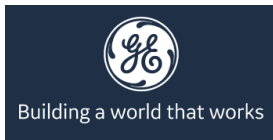
Sandeep Zanzaria: Yes, we see a very large pipeline getting built up because of the evacuation of renewable capacities. So, if I am not mistaken, we are about 28 to 30 projects of tariff based competitive bidding which have been bidded out by REC/PFC. Also, if you look at the CEA pipeline of the projects, which have got approved, I think it gives a good amount of confidence for the future of transmission at least for the next 4-5 years.

Mohit Kumar: My second question is, sir on the annual report, I think you have spoken at length about the Reform, Development, Savings Scheme, RDSS, what are the offtake we have for this particular digital opportunity and any color on the opportunity size and any color on the fact that the lot of bids are coming up, can you please comment on the same?

Sandeep Zanzaria: RDSS sales, because RDSS will require a lot of control centers to be built in with the distribution companies, so we are very strongly present in this market for ADMS and in fact we have built one other under this scheme as well. And I would still not comment on the market size too much because most of the states are evolving in terms of their requirement. Somewhere where they are only looking for like very optimized kind of solution there we have a very less amount of freight like in a project of about maybe Rs. 200 crores, we have a play of about Rs. 30-Rs. 35 crores, but in certain projects where the higher amount of ADMS and other applications are required, we may have a play which might go to about 30%-40% of the project size as well. So, many of the states are still working on what kind of requirement they want to have, so probably difficult to comment at this point of time, the market size, but yes, I would say that it is going to be a good market at least for next few years.

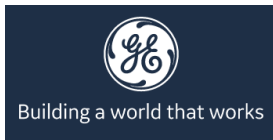
Mohit Kumar: Are we offering a SCADA solution? Is that the right understanding?

Sandeep Zanzaria: So, basically ADMS is a type of SCADA solution, but normally never parallels we call SCADA more or less associated with the substation, but when it is for a larger scheme of things, for example, for a circle or for a district, then it is called more or less like the Control Center with ADMS, so Advanced Distribution Management System.



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- Mohit Kumar:** My last question, in the annual report, you are talking about wide area monitoring system which was awarded to GE T&D in 2014 respecting WAMS of similar size to be launched soon, has it been launched and what is the size of the last wide area monitoring system project?
- Sandeep Zanzaria:** That was, as you said, 2014 and probably those price benchmarks are not relevant, but yes, the discussion has started and maybe we expect another large project, but we are not expecting that project to come in this year, but maybe next year.
- Moderator:** Thank you. We take the next question from the line of Subhadip Mitra from Nuvama Wealth and Investment Limited. Please go ahead, sir.
- Subhadip Mitra:** My first question is with regard to the healthy order inflow that we have seen and your commentary on the fact that high-voltage related T&D CAPEX is now picking up, would you have any targeted number in terms of order inflow or let us say the current year, the next year, or any targeted market share?
- Sandeep Zanzaria:** So, definitely our expectation or our confidence level is better than last year, but I will still say that we will be more confident of the numbers, maybe a quarter later than where we are today, but I can tell you that as I said when Mohit had asked the question with the kind of TBCB pipeline, our confidence level is much higher this year.
- Subhadip Mitra:** Would there be any annual market size that you are looking at in terms of what could be your addressable channel?
- Sandeep Zanzaria:** Subhadip, what we are seeing is that in the market size, especially in the 1st Quarter, what has happened and this is my experience for last 3-4 years, you know the various TBCB projects, they can shift the market size by say few hundreds of millions of dollars in a year because sometimes it gets stuck up in the division making, because of some geographical reason, because of some nonrelated reasons, but I am still expecting that excluding HVDC, the market size will be more than US\$3 billion this year for us.
- Subhadip Mitra:** This is excluding HVDC?
- Sandeep Zanzaria:** Excluding HVDC, yes.
- Subhadip Mitra:** Secondly, with regard to the margins and congratulations on a great margin recovery, so can we assume that this would be the new normal in terms of margins possibly the older projects which are of lower margin profile have already been executed?
- Sandeep Zanzaria:** Subhadip, this quarter, we have a gross profit of 31.7%. Overall, I say that yes, the confidence level is higher, but let us not evaluate on quarterly basis and I think more on a yearly basis, we should be better than the last year.



- Subhadip Mitra:** Some of your peers, etc., have been talking about double digit margins etc., would you have other target, spread over the next couple of years, would you be shooting for some of those kind of margins for FY25?
- Sandeep Zanzaria:** Definitely, I think surely if it is good news that if our competitors are speaking about double digit margin, then we will also attempt.
- Moderator:** Thank you, Sir. We take the next question from the line of Umesh Raut from Phillip Capital. Please go ahead, sir.
- Umesh Raut:** Sir, congratulations for the healthy quarter. My first question is basically regarding this IE integration CAPEX, which is planned at about Rs. 2,40,000 crores over the course of next segmented year, so out of that how much would be rented to say 765 kV beyond or in between 400 kV beyond and less than that?
- Sandeep Zanzaria:** So, I think if I really look at about the 765 and 400 kV put together, probably that will contribute maybe about like 75% or maybe slightly more than that.
- Umesh Raut:** And is it fair to assume that your market share relatively would be higher in case of 765 and also in case of 400 kV?
- Sandeep Zanzaria:** Sir, we are primarily a transmission Company, so we don't operate into like particularly in 33 and 11 kV, but yes, what you are saying is right that over the years we have built a much stronger product portfolio and our presence in 765 and 400 kV.
- Umesh Raut:** Also because you were the first in terms of localizing technology related to higher voltage level products, so is it also fair to assuming the fairly stabilized raw material prices going forward, your gross margins would be kind of touching closer to 34%-35% more of say longer term?
- Sushil Kumar:** We always aim for the higher gross margins. Last year when we talked the order booking margin between the range of 27% and 29% and aim to improve in the execution, 1st Quarter result has been good, we are around 31.7% margin and aim is always that we try to improve the margins. We will not be giving guidance on the margin front, but yes, the entire management team works on improvement beyond the order booking stage.
- Umesh Raut:** That is heartening to know. My second question is more on the data center side where you are mentioning higher demand for extra voltage products from data center, so how much big potential opportunity is there from data center for you? What could be the addressable size out of say total CAPEX for data center?
- Sandeep Zanzaria:** So, Umesh, I will say that the overall market data center is not, I will not say that it is a substantial market. The primary reason is that when you look at individual, each TBCB project of 765 kV that is huge in volume and data center today in India are getting build for lower capacity, so most

of the data centers are at 220 kV level. So, if you look at the overall market size, yes, they are not so big, but definitely because this allows us to get connected with global companies and where we have global relationship, it always remains as a focused market for us. So, we are more targeting the data centers and trying to push our products of GIS, transformers, control automation and at few places also on turnkey basis.

Umesh Raut: Third question is more of towards resolution number 8 that you mentioned in your opening remark that there is a potential opportunity to work out in a global framework of HVDC market, so can you please quantify how large this could be and this particular Rs. 1,150 crores kind of a resolution which is now under process, whether those are upcoming orders or potential orders for you?

Sandeep Zanzaria: This is basically a total we are talking about which is more than Rs. 1,000 crores, but this is discussion ongoing with our global teams nothing is concluded

Sushil Kumar: So, maybe I will try to add a few things. So, with the UK great solution, as I said we also have regular business which is sale and purchase of component and finished goods, so generally that volume is in the range of Rs. 100 to Rs. 150 crore on an average. So, the large other opportunity from the HVDC segment is expected to be in the range of Rs. 700 to Rs. 1,000 crore. There can be multiple opportunities or one opportunity, so that is the volume that we see and we are in discussion with the global counterparts to see if part of those orders can be booked in GE T&D for the export business.

Umesh Raut: And would it fair to assume that profitability would be kind of closer to what it is currently?

Sandeep Zanzaria: So, that will also depend upon the profitability at which they will be able to close the deals with the end customers.

Umesh Raut: Sir, last question is more of on the industrial side, you have booked one order from Hindalco during the quarter, but how is the ordering outlook for industrial space whether it is from the metal or refining or cement kind of industry?

Sandeep Zanzaria: So, on the metal space, yes, I think there is a lot of investment which was happening, so lot of expansion plans are being seen. So, we are also targeting a few orders in this quarter from the metal space. Refineries, of course whatever upgradation was happening has happened, so at least in near future, I am not seeing any big opportunities coming out of the refinery segment, but definitely as Sushil has showed you also in the order intake and in the order backlog, the share of private customers is increasing. So, our focus towards private customer remains very strong, which includes the industrial segment as well.

Moderator: Thank you. We take the next question from the line of Bhavin Vitlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Congratulations Sandeep on the new role and good start. So, the question first, if you could just give us a color about utilization at our various facilities and from a past interaction, we understand our AIS and GIS facilities were under loaded?

Sandeep Zanzaria: Bhavin, I think one of the things that what we have seen is that we have converted our lines into more lean and also kind of a flexible lines, for example, earlier we had few dedicated lines for different voltages, but now they have been converted. So, I would say that just in maybe one of the plants and that is because of some stress on one of the markets where we used to export, the utilization was, I would say, slightly lower, but I would put it that in other plants, the utilization has been much better this year. Difficult to give a number because the utilization also depends upon the voltage and number of equipment to be made, so it is a combination of lot of things which define the utilization, but I think the results speak about that things are now looking at.

Bhavin Vithlani: Could you talk about the pricing because what we understand from talking to industry experts that on an average the pricing of the transformers or switchgear is roughly 35%-40% higher than what it used for the pre COVID levels?

Sandeep Zanzaria: Bhavin, yes, you are right, they are higher definitely, but there is a big component of a cost increase as well. So, for example, if you look at the prices of CRGO, oil, foreign exchange, copper, everything has contributed to the increase in cost and the good part is that the manufacturer has been able to pass on this increase in cost to the customers. So, yes, there have been increasing market prices, but they have been passed on to the customers rather than getting absorbed into the margins.

Bhavin Vithlani: The other question is on the lead times given the Rs. 75,000 crores of the pipeline that you spoke about, what is the kind of lead time that one should expect if you are getting the transformer or switchgear order currently and how do you see given that we have seen like roughly 50% of the industry which used to be Chinese in the last cycle, which seems now they are gone, how should one think about profitability cycle as well?

Sandeep Zanzaria: So, I would say here Bhavin, is that definitely that is good for the industry, but at one point of time as you said that there was an under-loading situation. The first and foremost is it is going to improve the utilization of the existing manufacturers. That is one thing and second aspect I would also say here is the utilization also actually depends upon the requirement of the customers and also other market conditions as well, for example, when we talk about transformer, even the new projects which are coming for TBCB, so earlier it used to come with the timeline of about 12 months to 15 months, now that is also I think getting increased to 21 to 24 months. I think on that side also the regulators or the EPC companies are also understanding the pressure which is there and so accordingly the deliveries are also getting adjusted from the factories. Of course, if you are looking for a transformer today in 6 months or 8 months' timeline, it is difficult. Why it is difficult that it is not only your own manufacturing capacity, but we are also to a great extent dependent upon the component sourcing as well, where globally the sourcing times have

increased whether it is electronics or whether it is all few high voltage items as well. So, it is a combination, but if you look at switchgear, I think for switchgears, the lead times are not that great. If somebody wants in few months, it is possible to do it.

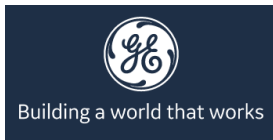
Bhavin Vitlani: The last question from my side, so one of your peers hosted an analyst day and plant visit, they spoke about increased localization in HDVC like they are increasing on the valve side and even on the GIS side where they are saying that the forgings and some of the castings are being localized here and over time, one should see better cycle time and profitability, is GE also kind of looking at some of these increased localization initiatives and which will eventually improve our profitability and return ratios?

Sandeep Zanzaria: Bhavin, for example, on GIS side I will say that we were the first Company to have set up a GIS plant in the country and since the time we have put up the plant, there is a constant exercise which is being conducted by our team to do the localization and then we identified component by component and then we do a rigorous process of testing and then qualify the local supplier. So, today, comfortably we meet the Make in India requirement, which is there from our factory, but just to give you the confidence, the localization effort is an ongoing exercise which keeps on happening in the plants and we keep on working to improve both the cost and also to ensure that the components are available in the country for us to derisk in terms of the lead times, in terms of the cost, in terms of other aspects as well.

Moderator: Thank you, sir. We take the next question from the line of Renu Baid from IIFL Securities. Please go ahead.

Renu Baid: Congrats, Sandeep for a new role. Sandeep, my first question is when we look at the export part of the business, some of the larger EPC companies' commentaries on the pipeline from Middle East, LATAM and some of the other markets have been very strong, so how are you looking at your export pipeline, both direct exports as well as business which comes through EPC contractors looking like for the next 9 to 12 months and how does the pricing of the equipment today compare in these markets versus the domestic pricing that we have seen?

Sandeep Zanzaria: Renu, one thing, for example, when we talk about GE, we have a presence in all the markets, but of course there are certain markets allocated on terms of product basis and on terms of project basis and also we have to see that in certain markets, whether the products of India are qualified or not, for example, when we look at NAT and all so there, the Indian products are not so qualified, but they prefer to buy European products, but definitely today the share of export is increasing and also with the global demand increasing in Europe and US and other parts, we are getting a lot of traction happening from those markets also and there also we are engaging with our local teams. We are also engaging directly with end customers for qualification of our product. So, that is the constant area of focus for us and you would have seen as Sushil has presented the related party transaction for approval where we have requested for a higher amount as compared to last year, so that also shows our confidence to increase the export. That is one



thing and definitely the export pricing is much better than domestic pricing, so there is no doubt about that.

Renu Baid: And on the same line, if you look at especially Europe has in the last 2 years seen significant spurt in the HVDC orders and creating shortages of supplies, has that situation relatively eased because directly or indirectly it will also impact the supplies of these components to the Indian subcontinent as and when the orders emerge, so how is a bit of situation in that region for HVDC products?

Sandeep Zanzaria: It has not eased and looking into the pipelines of various utilities there, I don't think that it is going to ease in next 5 to 7 years. This is what is today's forecast, I don't know what happens tomorrow, but today the generation companies they have a quite robust forecast for putting offshore wind projects, etc., not only in Europe, but in US as well, so that is going to drive the demand in a big way for HVDC projects globally.

Renu Baid: And in your view, will this also have an indirect impact on the pricing when we see domestic projects going up for bidding later this year?

Sandeep Zanzaria: 100%.

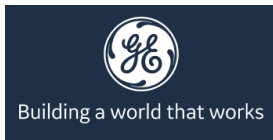
Renu Baid: Second, can you just share some update on some of the loss making on the older projects like SL and overall, what has been the share of these old legacy loss making or low margin orders in the backlog today?

Sandeep Zanzaria: So, first part, I will answer and then second part, Sushil will answer. So, I think in one of the highlights which Abhishek presented, so we have commissioned the part of the SL project in the last quarter, so at least that is the confidence what that part of the project we have already commissioned and rest Sushil can.

Sushil Kumar: So, ESSEL project is fully commissioned and that is not in the backlog. On rest of the backlog around 20%-25% projects are with the low margin, the legacy old projects where we had the commodity price impact. We expect that in next 3 to 4 quarters they will phase out sequentially and most of the new orders starting April 22 onward is at a healthy margin.

Renu Baid: And all the commercial closure of the SL, have all the price escalations have pass through whatever was expected, is it secured or something else could be expected on the closure of this project results and last year?

Sandeep Zanzaria: Whatever was there as per the contract is definitely, we don't have outstanding or like a past deal with the customer today.



- Renu Baid:** And lastly, while this entire new vertical of Vernova has been created at the group level, what is the thought process of bringing any strategic investor or how is the group looking at this separate vertical in terms of focus and growth strategy?
- Sandeep Zanzaria:** Renu, this is basically being dealt at global corporate level where we are not involved in any fashion. So, we don't have any idea how to answer this question.
- Moderator:** Thank you. We take the next question from the line of Mohit Kumar from ICICI Securities. Please go ahead, sir.
- Mohit Kumar:** Sir, my first question is what are the capabilities you would like to build over next 3 years and are there any significant gap in your suite of products which can cater to the transmission opportunities available in this country?
- Sandeep Zanzaria:** So, I think I would say Mohit that yes, definitely we have good capability across the board, for example, we have transformers, circuit breaker, GIS, instrument transformers, automation, digital complete platform, but we are seeing some pockets we definitely have some uncompetitive issues, maybe legacy product and things like that, but that is a constant exercise which we keep on doing based on market feedback and all to bring new generation of products for the R&D to be pushed to develop products which are more competitive or maybe which can give a better commercial advantage to the customer, even if it is priced a bit higher. So, this is the constant exercise what we keep on doing, but just to give you a sense that I would say 95% of the product what is manufactured by GE Grid Solution globally is manufactured by GE T&D India as well.
- Mohit Kumar:** So, how do we compare with the rest of the GE factories when GE is looking at the entire portfolio, how do we compare ourselves on cost competitiveness across the world?
- Sandeep Zanzaria:** When I compare myself to other GE factories, definitely in terms of cost, we have a good advantage. This is what I can say.
- Mohit Kumar:** What is your localization, percentage in HVDC, GIS and STATCOM ballpark numbers?
- Sandeep Zanzaria:** GIS, I will put it as it will depend upon range to range, but it will be like more than 70% something like that. It would be in the range of about 70% and then there is an ongoing exercise to even improve it as well. For HVDC, just to give you that, we were the first manufacturer 800 kV HVDC transformer. We were the first manufacturer in India to have manufactured the 800 kV HVDC transformer from Vadodara and for CKL2 we had supplied our walls also from India, so decent amount. STATCOM, we have not done any project in India, but it is similar to HVDC except for few different components. So, there also again transformers, etc., can be manufactured in our Vadodara plant, but for the other IGBTs, etc., we still need to see about the localization part.



Mohit Kumar: My last question is, how are you trying to avoid the legacy issues which cropped up in the past and which hurt our margins?

Sandeep Zanzaria: So, there are 2-3 things, I will say here. One, we have been repeatedly saying, first would be selectivity, so we thoroughly analyze that what kind of project with what composition of product we have to go after. That is one thing. Second, what are the commercial terms and conditions because that also plays an important role, including the cash flow and third instead of running after market share in revenue, we are today focused more on profitability. So, these three focus is very religiously practiced by the commercial team in all the new orders what we are getting.

Moderator: Thank you. We take the next question from the line of Mr. Umesh Raut from Phillip Capital. Please go ahead, sir.

Umesh Raut: Sir, I have one question related to employee cost, so I think we have done significant cost rationalization around employee cost in fiscal year 23 and now also in 1st Quarter there is a decline in employee cost on a year-on-year basis, so do you feel this is more of sustainable now?

Sandeep Zanzaria: Yes it is. There will be slight increase, which is because of the annual inflation and so on, but we continue to optimize the lean and other improvement initiatives and let us say the last year number which is Rs. 3,500 million of employee cost the same number should be lower than that.

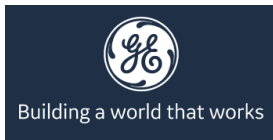
Umesh Raut: And any Forex loss or gain that was there during the quarter?

Sandeep Zanzaria: So, most of the other income as we see in the quarter, is related to the Forex gain; however, I will add that half of this, almost 40%-50% of this is actually the realized gain.

Moderator: Thank you, sir. We take the next question from the line of Bhavin Vitlani from SBI Mutual Funds. Please go ahead, sir.

Bhavin Vitlani: So, Sandeep, one feedback that we have been getting from speaking to your peers is about on the HVDC side respect to the gap in the technology, specifically in the HVDC light, the technology in which the Leh, Ladakh is going to be built and that is one and second is on the STATCOM side that GE completely lacks the STATCOM technology, so we might kind of miss out on that, so if you could throw light on these two pieces?

Sandeep Zanzaria: So, thinking here, I think Bhavin, one is that if you would have been following GE Grid Solution maybe on LinkedIn, or in fact if you would have seen the global results as well. So, this year, means from January till now GE has taken close to I think about 12 to 13 HVDC contracts globally. So, this is just to give you that we are not looking at any gap in the HVDC technology. Of course, Leh Ladakh is as you know a different strategic project which will require a lot of other aspects apart from HVDC to execute that. So, that is the decision what we have to take. That is one thing. About STATCOM also, this is one thing I can say is that for example, there is at least in STATCOM, which was connected with the English Channel, which has been



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commissioned. There are other large STATCOM projects also globally which we have commissioned. I would not put it that we have a technology gap, but then we are focused in STATCOM market selectively, so we have not taken any order in India till now, but it doesn't mean that it is not our target to take the order in future as well.

Bhavin Vithlani: So, just follow up here, would we need the type testing and all that could perhaps act as we where we order from STATCOM?

Sandeep Zanzaria: The type testing of what?

Bhavin Vithlani: So, the type testing of the Indian facilities for the STATCOM given the localization content requirement?

Sandeep Zanzaria: So, that is what I am saying that for example STATCOM will have some 2-3 important components. So, for example, when I look at transformers, the transformer is the manufacturer in India day in day also. Whenever the transformer goes out it, it goes through a process of type test and the STATCOM transformers are much simpler to make than a LCC-HVDC transformer in terms of complexity, so it is not a big concern to supply STATCOM transformers from Vadodara.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Ms. Tanvi Gupta for closing comments.

Tanvi Gupta: Thank you. Thank you all for joining us today for the GE T&D India Limited Earnings Call. We hope the insights provided by all our speakers have been informative and valuable to you. We value the trust and support of our all our investors and analysts and ensure to remain committed to maintain transparent communication and fostering strong relationship. If you have any further questions or require any additional information, please do not hesitate to reach out to me or communication leader at mail ids available on our Company's website. I once again, thank you for participating in today's call. We look forward to your continued support as we embark on our exciting journey ahead. Thank you. Thanks everyone.

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