



GE T&D India Limited

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February 20, 2023

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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 February 13, 2023**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on February 13, 2023 in respect of financial results for the third quarter and nine months ended on December 31, 2022.

The audio recording of the earnings call is also made available on the Company's website at:

<https://www.ge.com/in/sites/www.ge.com.in/files/2023-02/audio-recording-of-investor-call-held-on-february-13-2023.mp3>

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For GE T&D India Limited

Anupriya Garg
Company Secretary & Compliance Officer



“GE T&D India Limited
Q3 and 9M FY '23 Conference Call”
February 13, 2023



MANAGEMENT: **MR. SUSHIL KUMAR – WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER – GE T&D INDIA LIMITED**
**MR. SANDEEP ZANZARIA – COMMERCIAL LEADER –
GE T&D INDIA LIMITED**
**MS. ANUPRIYA GARG – COMPANY SECRETARY – GE
T&D INDIA LIMITED**
**MR. ANSHUL MADAAN – COMMUNICATION LEADER –
GE T&D INDIA LIMITED**
**MR. SUNEEL MISHRA – HEAD OF INVESTOR
RELATIONS – GE T&D INDIA LIMITED**



*GE T&D India Limited
February 13, 2023*

Moderator: Ladies and gentlemen, good day, and welcome to the GE T&D India Limited conference call for the third quarter and 9 months ended 31st December 2022. 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 Mr. Suneel Mishra, Head of Investor Relations, GE T&D India Limited. Thank you, and over to you, sir.

Suneel Mishra: Thank you, Dorwin. Good day, and welcome to this conference call that has been organized to present and discuss financial results for the third quarter and 9 months ended on 31st December 2022. Now let me introduce GE T&D India management team available on this call. So we have with us Mr. Sushil Kumar: who is the Whole-Time Director and Chief Financial Officer. We also have with us Mr. Sandeep Zanzaria, who is our Commercial leader. Let me also take the opportunity to welcome our new Company Secretary, Ms. Anupriya Garg, who joined the company in January 2023.

Moreover, we have with us Mr. Anshul Madaan, who is our Communication Leader. Please note that this conference call is scheduled up to 6:00 p.m. I hope you would have received the investor analyst presentation and the same has been uploaded on our website. I hope you have also read out the disclaimer as per Slide number two.

So Mr. Sushil Kumar, will begin this conference call highlighting key events of the quarter. Thereafter, Mr. Sandeep Zanzaria, will take us to the pages on order book and the grid market. Further, Mr. Sushil Kumar, will also provide his insights on the pages presented on financials. Moreover, both Mr. Sushil Kumar and Mr. Sandeep Zanzaria will be available to provide answers to your questions during Q&A.

I would now request Mr. Sushil Kumar, to begin the conference with his opening words. Over to Mr. Sushil Kumar.

Sushil Kumar: Thank you, Suneel. Ladies and gentlemen, good evening. Thanks for joining the call. We hope you and your family members are healthy and safe. Let me start by giving you a brief overview about the last quarter and then we'll move to the commercial detail, as Suneel just talked about.

So during the third quarter for the financial year 2022 -'23, we saw an increase in the orders compared to the previous quarter. Our orders were up by 59% at INR 7.8 billion compared to INR 4.9 billion in the previous quarter. And orders were up by 53% compared to quarter 3 of the previous financial year. Our orders for the industry segments such as refineries and data centers continue to grow gradually, adding diversity to our backlog and providing more opportunities for efficiency.



Sandeep will cover more about this in his address. On revenue front, though our revenue saw a decrease in the third quarter to INR 7.8 billion compared to INR 9.1 billion in quarter 3 of financial year '21 -'22. Primarily, this reduction was due to lower backlog resulting from reduced order booking in last couple of years caused by COVID-19 pandemic. However, due to successful project execution and various improvement efforts, our profit before tax increased.

In quarter 3, we posted a profit before tax and exceptional item of INR 134 million compared to INR 4 million in quarter 3 of the previous financial year. Our execution team continues to show great intelligence and through their consistent implementation of lean initiatives and cost-saving measures, we were able to improve our productivity.

Likewise, in cash, we posted improvement and generated about INR 1.5 billion of cash in the third quarter of the current financial year. And as a result, our net debt as on 31st December 2022, reduced to INR 2.1 billion versus INR 3.6 billion as of September 30, 2022. We had many significant execution activity and many projects were commissioned. The details are given on the Page 4 of the presentation.

However, I would like to touch upon the few key execution during the quarter. So during the quarter, we will commission 4 bays of 765k GIS substation with Six 765 kV lines reactor at for Sterlite power transmission maintained. We had commissioned 132 kV GIS substation at Ramnagar to West Bengal State Electricity Company Limited, 9 Bays of 245 kV with substantial automation system augmentation for Power grid at Salakathi , 18 Bays of 400 kV GIS with 3,600 meters of GIS Busbar for Andhra Pradesh and 6 Bays of 220 kV GIS with 1,200 meters of GIS Busbar as part of Sterlite Vadodara, Gujarat.

So before I hand over to Sandeep, I would like to take this opportunity also to talk about key developments and updates, which happened in the budget presented by the Finance Minister in the beginning of February. So in terms of key announcements, the Finance Minister's latest budget of 2023 -'24 has laid emphasis on government commitment to move towards net zero carbon emission by 2070.

Green energy, in fact, is 1 of the 7 most important priorities of the budget. It includes allocation of INR 35,000 crores of priority capital investment towards achieving this net Zero emission by 2070. The budget also has set aside a vital INR 8,300 crores from the central funds towards the INR 20,000 crores was projected for building the interstate transmission system for the evacuation and grid integration of 13 gigawatts of energy from Ladakh.

This reaffirms the government's commitment towards our organizing renewable energy through the planned mega solar wind hybrid plant at Leh. This project, we have been talking about in the past as well. With the inclusion in the Union Budget, the project is expected to pick up its pace. The clean energy acceleration along with government focus on introduction of policy reforms such as reforms in the EV sector as well as overall manufacturing landscape will also boost the transmission industry.



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So in terms of our priorities, we will pick up the orders and help to grow the profitability, keeping in mind the long-term sustainability and profitability in these orders. So we'll continue to be selective for the orders, which give us the revenue, margin and cash rather than being aggressive at a very low price. And with this, now I hand over to Sandeep to share more details on the order booking and the market scenario. Over to you, Sandeep.

Sandeep Zanzaria:

Thank you, Sushil, and we are definitely, there is a strong push by the Government of India for the net 0 to be achieved and also to achieve the target of putting renewables of 500 gigawatt till 2030 and with this it's going to create investment in transmission sectors apart from the generation side. And of course, the generation side also has some part of transmission piece.

So you really look at the last quarter, the orders grew at about 53%. So we closed at about INR 780 crores as compared to INR 510 crores. And for a 9-month, we have INR 1,865 crores versus INR 1,616 crores. The major orders have been in multiple domains, the major order has been 400 to 200 kV GIS subscription for a private refinery in Gujarat, also 200 kV substation for Kutch for Adani transmission. And then for Tata Power, we have an order for 400 kV AIS substation for the 1,000-megawatt plant in Rajasthan.

In addition there are multiple orders for the upgradation of new substation automation systems grids with the cybersecurity at 11 sites in NTPC and for L&T Data Center at Kanchipuram. We have one order from Techno Electric for their 400/220 kV substations and also from Megha. Apart from that, we have also won a renovation and modernization project of 132 kV substation with the automation system. From the orders, it was a much better quarter, but of course, the endeavor is to do much better than what we have achieved. Thank you.

Sushil Kumar:

Thanks, Sandeep. So before we open up for question and answers, I'll just briefly touch upon the financial performance of the company, which is given on the Page 6 of the presentation. I talked about revenue in the earlier section, when the revenue overall is down 15% for the quarter compared to the last year. And similarly, on a 9-month basis, the overall revenue at INR 20.7 billion is lower by about 14%.

However, a significant change or improvement is happening on the profitability side. Our gross profit for the quarter -- current quarter was 30.4%. And on a 9-month basis, it was 29.8%. And this happened because of better project execution and the cost-shaving initiated as we talked about. And as a result, the EBITDA improved to 5% on a quarter 3 as well as 9-month basis, whereas previous year, we had a quarter EBITDA of 3.3% and a 9-month EBITDA of 2.2%.

So this improvement in EBITDA also resulted into an improved profit before tax. So for the quarter, we generated INR 135 million of profit before tax and exceptional items compared to almost a breakeven scenario in the previous year. And on a 9-month basis, we generated INR 328 million of profit before tax and exceptional items compared to a loss of almost equivalent amount in the previous year.



I talked about the improvement in net debt. So during the quarter, we initiated a positive cash flow of INR 1.5 billion, resulting in a corresponding reduction in the debt of INR 3.6 billion end of September to INR 2.1 billion at the end of December.

On Page 7, we have, as usual, shown the breakup of orders and revenue between export and domestic. So for the quarter, about 32% of the orders were from the export segment and about 68% orders were from the domestic market. On a 9-month basis, order have almost a similar trend of 33% from export and 67% from the domestic market.

On the revenue front, during the quarter, 26% of the revenue came from export and 74% of the revenue was from domestic market. On a 9-month basis, 30% of the revenue as a total INR 20.7 billion of revenue was from the export segment and about INR 14.4 billion. 70% of the revenue were from the domestic market. Overall, in terms of orders we had, we had about INR 34 billion of order of which 66% is from the private customers, about 17% is from the state utilities and 17% from the central utilities and PSU.

With that, now we'll open for question and answers. Thank you.

Moderator: We have the first question from the line of Mohit Kumar: from DAM Capital.

Mohit Kumar: Two questions on my side. First is on the order opportunity. How is the order opportunity looking at this point of time? And given the fact that too many HVDC project, which will be -- which should be up for bidding in FY '24? Can you just comment on that?

Sandeep Zanzaria: Mohit, it's Sandeep here. I would say, the Rajasthan TBCB projects were stuck because of GIB issues and for that there was a risk moving forward. In the last few days, what we have seen that there is reversal of the trend and reverse Auction for those projects have started happening. In fact, the reverse option for few projects have got completed and the parties who have got would get these orders in like 3 to 4 weeks' time. The market has started moving. That is one good sign and then we expect now the market condition to improve much better and also for the HVDC, I think in '23-'24, we are expecting 1 project or 2 projects.

The 1st one will come on TBCB route and second Leh-Ladakh will be issued by Powergrid. As Sushil covered in his initial remarks that the government has already allocated part of the fund for funding the project. Yes, definitely the horizon for '23-'24 or '24-'25 in terms of HVDC looks to be a very bright one. And also for the general market, for example, transformer substations, also it looks to be a much better market. We expect a good substantial market growth in the coming year.

Mohit Kumar: Sir, do we see any activities in distribution, which should help us in terms of order inflow going forward?

Sandeep Zanzaria: So on distribution, see, our area of participation is very limited. So our area of participation is mostly on 2 fronts, whether it is the grid automation, which is very miniscule, I would say, in



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terms of the overall packaging -- overall the number of distribution market because primarily the company is operating into 66 kV and other segments as all our GIS and AIS transformer all products are offered on 66 kV and above.

But on the control center side, and the upgradation of the distribution company, which is eventually going to happen with a lot of cities coming with control centers and all, rest of market, we expect to grow and probably that area, we have a good strong presence because a lot of regional load dispatch center have been made by us in the country.

So that area once the government investment picks up, we expect a good amount of ordering to happen. And also, we expect the company to take a decent amount of market share in that. But the time lines have been shifting. So I think next year should be much better on that front.

Mohit Kumar: And how do you see this private capex cycle? Do you see that helping you in the getting some order inflow going forward this the next 12 months?

Sandeep Zanzaria: Private capex when we see that, for example, TBCB it's quite robust. It's basically either power grid or private players. Apart from that, we are also seeing in terms of private capex, there is a good amount of investment, which is coming in the solar wind hybrid projects which the developers are putting up across various geographies.

And also in addition to that, even when we are looking at the private capex in terms of for the green hydrogen. So green hydrogen is going to require a huge amount of renewable capacity for feeding them. So that will also require a good amount of transmission infrastructure to be put in. And apart from this, also one area of transmission infrastructure in private capex is industries as well.

So for example, last year, or this year which is growing we see a good amount of investment happening in metals and oil and gas. I would say, sustainable investment happening on the private capex side also.

Mohit Kumar: The EBITDA margin in the medium term?

Sandeep Zanzaria: So you're asking about the margin target?

Mohit Kumar: Yes, to your targeted goal, which you want to achieve next, let's say, 2, 3 years?

Sandeep Zanzaria: Sushil, you would like to take that? Or should I go?

Sushil Kumar: Yes. So two parts from the margin. The first one is on the execution side. And as I mentioned in my comments earlier that for the quarter, we achieved a margin of 30.4%, which is a much improved situation compared to the last 2 years, which were impacted by COVID. Similar on a 9-month basis, we had about close to 30% of margin.



And here endeavour for us is to find the improvement opportunities further and try to improve it further by a couple of percentage points, if that is feasible through better negotiation and better project execution. Similarly, Sandeep, you can probably guide if the price in the market is trending third or not? And can we see a better margin on the orders in the future?

Sandeep Zanzaria: So yes, I think looking into the capacity additions, which are happening or which are planned to happen. We expect a slight increase in the price relation in the market.

Moderator: The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. .

Bhavin Vithlani: So a few questions. First is on the orders. So in the previous quarter, we kind of highlighted that there were INR 500-odd crores of L1 which could not be finalized, but it is always INR 100 crores or INR 150 crores. So INR 350-odd crores was a spillover. If I take that out from the current quarter's order flow, then the order flow in this quarter looks pretty subdued at INR 430-odd crores. Sir, your views on this and what do we see as a trend for the year as a whole and the next year?

Sandeep Zanzaria: Bhavin, Sandeep here. So basically, out of the INR 500 crores what we were in the lowest and we were expecting the orders. Out of that, close to about more than INR 200 crores have shifted and it has actually moved to Q4. Out of that, partly close to about INR 200 crores has already come in also. So it was that INR 500 crores due to legal issues and multilateral funding requirements. The others that actually slipped of about INR 200 crores for this quarter.

Bhavin Vithlani: Sir, now going forward, given our cost structure, and I think we need over INR 4,500 crores to INR 5,000 crores kind of a run rate to achieve a double-digit margin given that you have been highlighting 30%, 31% as sustainable gross margin. Do you see that trend at least on the order front in fiscal '24 at least directionally, are we moving to that kind of a run rate on the orders front?

Sandeep Zanzaria: So Bhavin, I would say here that I would not put any number to be target what we have because we don't forecast or we don't, for example, give such guidances. What we are very clear in terms of our strategy is that we follow a very disciplined process of orders taken at secured payment terms, at least with private clients.

And that's what you have seen also in the improvement in the performance of the company as well, but yes, with the growth in the market, which is happening, definitely, we expect growth in orders also to come in the next year.

Bhavin Vithlani: And could you give us an update on the HVDC project bidding, especially the Leh-Ladakh and which -- and if you could name the other which are at least in the active discussion phase?

Sandeep Zanzaria: So Leh-Ladakh, as Sushil said that the government has given an allocation of close to about INR 8,000 crores to INR 9,000 crores and the budget, the Financial Minister has declared in the present budget as a Viability Gap funding for this project. So we expect now this project to move



forward and of course, will not be possible for us to comment on the competition part on the project side.

Sushil Kumar: Sandeep, we can probably highlight about few other HVDC that we see in a couple of years.

Sandeep Zanzaria: Yes. So I think if you would have seen there is a Government of India renewable plan, which has been issued for the projects, which are to be commissioned till 2030. And Government of India wants to increase their capacity, the installed capacity from about close to 175 gigawatts to 537 gigawatt. In that report, the government has clearly defined -- so there are about 3 projects, which will be 6000MW, 800 kV each. So one is Badhla Fatehpur, which we are expecting to come in next 1 to 2 months, Subsequently, there are two other projects also, which will be Barmer to Jabalpur, and from Khawda to Aurangabad. So each project will be equivalent of, if you remember, we did Champa, Kurukshetra 1, Champa, Kurukshetra 2. So each project is, Champa 1 & 2 put together consolidated. .

Sushil Kumar: And Sandeep, we can probably also highlight the timing when we expect these three HVDC projects.

Sandeep Zanzaria: That's what I said Badhla to Fatehpur is going in TBCB, of course, the award process will take a bit of time, but we expect the next 1 to 2 months to be issued by the government. And then subsequently, with a gap of about 12 to 18 months, we expect one after the other project to follow.

Also, what we understand in this case is that talks between the Government of India and Government of Sri Lanka has also started for HVDC built between India and Sri Lanka. So Government-to-government talks also has been reported and probably that once it gets cleared, that would also be an opportunity. I'm expecting it 2 years from now.

Bhavil Vitlani: Just a question on the kind of guided that we are bidding in the 28% to 32% gross margin. And we have now come to that level. Are you actually seeing because when we look at the profitability of some of the standard on transformer companies that actually the numbers are pretty encouraging. And you see the teams kind of EBITDA level margins. Sir, is it that our profitability is very good in the transformers and switchgear piece of it where we are lacking. So a little more color on that will be useful. And when do we see that our margins moving to the double-digit trajectory?

Sushil Kumar: So it has been a combination of two things. One is the volume. Historically, in the year '18 and '19, we had double digit kind of EBITDA levels When HVDC projects were under execution. So if we see next couple of year scenario and Sandeep talked about three HVDC projects other than Leh-Ladakh i.e One being expected every year. So those HVDC projects add significantly to the volume and when that kind of volume comes operating leverage comes into play and the EBITDA levels increased. The second dimension is the has the execution side of the existing backlog.



So last couple of years, there was a significant commodity price increase, which means the margin on backlog when we took those charges in the last financial year. Unfortunately, margin on some of the existing backlog reduced to very low levels. And those projects are under execution.

So over the next 12 months the low-margin backlog expected to phase out and the new backlog with healthier margin comes into picture, then we expect a further improvement provided there are no other factors impacting, meaning we stay very tight on the sourcing negotiation, making sure that the projects are delivered as per the as sold margin and all other risks are mitigated in the project. Plus, at the same time, till the volumes catch up, we will also continue to focus on reducing our structural cost also further reduction in the structure cost.

So a combination of volume, which can come in future through HVDC change in the mix of the projects and reduction in the structure costs are the 3 factors which the management is working to make further improvement in the profitability.

Bhavin Vithlani: Just last question from my side. So after retirement, what is the new leadership looking like? I don't if this has been spoken about in a jointly related?

Sushil Kumar: Yes. So the NRC committee is evaluating the right potential candidate for this position. And hopefully, in the next 2 to 3 months, there should be an announcement.

Moderator: The next question is from the line of Subhadip Mitra: from Nova. .

Subhadip Mitra: Sir, my question is 2 parts. So firstly, just wanted to get an understanding that with regard to these large HVDC projects, which are expected. Would there be any ballpark understanding of what will be the cost of each of these projects?

Sushil Kumar: You mean the value and the size of the value.

Subhadip Mitra: Yes. See the value of each of these project, correct?

Sushil Kumar: Sandeep, if you can answer this?

Sandeep Zanzaria: Sir, I think if you look at the transmission panel document or this planning document, which has been issued some badala, Fatehpur the estimated cost, which is given is about INR 12,500 crores, but our assessment is that it will be higher than that. So in each project apart from the HVDC Terminal Stations, there is a component of transmission line also involved in that project, it is close to about 1,000 kilometers.

Subhadip Mitra: So if I were to look at, let's say, this 12,500 crores to INR 13,000 crores kind of project cost. Within that, our addressable value would be ballpark how much? 60%, 70% or higher?

Sandeep Zanzaria: So yes, it will be higher than 50%.



- Subhadip Mitra:** And secondly, with regard to the non HVDC funnel or pipeline of projects that you're seeing coming up. In your best guess, what would be the estimated order basket out there over the next 2 to 3 years?
- Sandeep Zanzaria:** So I expect close to about -- it will be close to about INR 250 billion or something in that range, it will be every year.
- Subhadip Mitra:** Every year? Okay. And then the in substations and what is the mentioned, sorry?
- Sandeep Zanzaria:** So certain utilities would buy Switchgear products, transformers or grid automation. So It's the complete the scope in which we participate, I'm talking about, that will be the market what we track for our purposes.
- Subhadip Mitra:** And typically, what kind of market share would you target?
- Sandeep Zanzaria:** It will be difficult to say that because there are a lot of large projects, which will be there, so winning or losing one large project actually distort the market share.
- Subhadip Mitra:** Excluding HVDC also you're saying...
- Sandeep Zanzaria:** Yes, even excluding HVDC, also, there are projects which will be like maybe INR 700 crores, INR 800 crores. So those volume of projects were also in there. So 1 project can distort the market share in a bit there.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. .
- Parikshit Kandpal:** Sir, my question is on the fixed price projects. The breakup of the order book in terms of fixed price and variable price on the backlog?
- Sushil Kumar:** So Parikshit, I don't have that information readily available at this moment.
- Parikshit Kandpal:** Because I think in the past, we have felt that we are moving more towards variable contracts. we are moving towards that. Okay, maybe I'll take it later. Sir, my second question is on the base orders. So do you see that pipeline is now much better than it was like a couple of quarters back? So can you touch upon that?
- Sandeep Zanzaria:** Yes, definitely, the big pipeline today is much better. So as I was saying that, for example, in -- if I look at last about a week's time, there are about five projects of TBCB, where the reverse auction has happened. And there is a big pipeline of about maybe about 7, 8 projects more, which is going to happen by end of March.
- So the pipeline which is there for Rajasthan, Gujarat and other parts is to much stronger and of course, we are seeing some traction happening even in state utility market as well.



Parikshit Kandpal: If you can quantify between now and now and March, what could be like potentially a prospects where we have bid for on planning to bid?

Sandeep Zanzaria: So I think there are a lot of bids that are already in place, but the decisions have yet to be taken. And of course, there is a market, for example, I said that TBCB reverse auctions have happened in last 1 week or so the developers are able to decide by 31st March, then the different pipeline if they are not able to finalise by then it will move into next year. So still I feel that probably the last quarter decisions of more than 5,000 crores of net TBCB to be made.

Parikshit Kandpal: So you think in fourth quarter, about INR 5,000 crores of decision-making has to happen. That's kind of a floating decision-making, but it may happen. If it doesn't happen, it will flow through into FY '24?

Sandeep Zanzaria: Yes.

Parikshit Kandpal: But that INR 4,000 is overall or beyond that, like you have further pipeline where you could participate, I mean, in export markets and other opportunities outside this TBCB?

Sandeep Zanzaria: So definitely, pipeline is there and it is going to continue to get the for example, decision-making if it shifts to the Q1 of '23-'24, then it will be a robust quarter one as well. Normally, what we have seen that the Q1 is slower quarter, but looking into the government push for '24 a lot of commissioning and making the renewable targets. I think the pipeline is going to remain robust for the next year.

Parikshit Kandpal: Okay. So just on the capacity utilization, sir, so what is the capacity utilizing we are running at currently, our operations are running at?

Sushil Kumar: So different product lines or different rates have different capacity utilization. It will be difficult to answer in one number, but overall, in terms of, let's say, capacity to execute revenue. Historically, we have been able to achieve about INR 4,300 crores of revenue and at the current rate, this financial year looks like INR 2,800 crores revenue. So which means that we can easily if we get the large HVDC orders or the other TBCB kind of order, we can increase our execution by 50%, and that has been demonstrated in the past.

Parikshit Kandpal: And just last thing, why is the other income there was negative other income in this quarter, sir?

Sushil Kumar: Yes. So this quarter, we have a significant forex impact. That impact overall in the current quarter P&L is to the extent of INR 290 million. As per accounting practice, last quarter, we had a gain. So in terms of financial presentation, to the extent the loss was offsetting the income of the last quarter or the first 9 months has been reversed in the other income. .

And there, you see a negative 67minr. And the balance impact is in the expense side of the P&L. And the forex impact is largely on account of mark-to-market of the hedge contract because the euro and dollar moves upwards.



- Parikshit Kandpal:** But what would be the total adjusted EBITDA is this impact not there? So, I think you've reversed INR 67 million to show the adjusted impact on EBITDA, but if this was not effect the normal quarter would have been our EBITDA margin?
- Sushil Kumar:** So the EBITDA that we have presented in our presentation, I think in sort of taking a quarter, we should talk about 9 months because some the quarter, there was a positive for us, negative for us. So we have, on a 9-month basis, INR 270 million of forex impact in the P&L. .
- Parikshit Kandpal:** Forex loss on.
- Sushil Kumar:** Yes, loss.
- Parikshit Kandpal:** And how much of that is in other expenses?
- Suneel Mishra:** Largely, it is a part of other expense because on a 9-month basis, there is the earlier impact on the income side has been modified. So mostly, it is in the other expense. So if we add this, let's say, if you want to evaluate EBITDA before forex impact, then we have to add INR 270 million to the EBITDA for the quarter, 9 months, it should be 1.5. So roughly, we should have an EBITDA of on a 9-month basis, INR 1.3 billion and it should be around 6.5%.
- Parikshit Kandpal:** So what could be the loss -- what will be the forex impact in the 9 months Y-o-Y of FY '22 as like INR 29 crores, which you said was a hit this year.
- Sushil Kumar:** INR 270 crores loss for the current 9 months and previous financial year, 9 months, we had income of INR 150 million, INR 148 to be precise.
- Parikshit Kandpal:** So just the last export opportunity. So you give about INR 250 billion, INR 25,000 crores market price for domestic non-HVDC opportunity. So what would be the similar number for exports because exports are being the order booking has been good. So how are we addressing the there? How do we intend to grow that market? And what will be the opportunity prospect opportunity in the export market?
- Sushil Kumar:** So I'll make a few comments, and then I'll request Sandeep to add on. Globally due to Russia and Ukraine war and energy independence concept that Europe is driving right now. There has been a very significant increase in the demand across Europe and U.S. And overall, the transmission and distribution market, which was earlier hardly growing at a rate of 1%, 1.5%. Overall, we think in European market, the global green business is a demand of more than 8% to 10% for the next few years, maybe the next 5 to 7 years, which is a very significant increase. But our export opportunities depend on the grid business winning, and it is very fragmented. I mean we don't have an independent entity bid across all the projects globally.
- More than half of the business in the export segment comes from the group entity, and then we also have some selected third-party bidding in the other markets. But definitely, because of this



increase in demand, our export volumes are increasing. And as we have shown in the presentation, 32% of the orders have come from the export segment. .

I don't have the number of the last year available, but this is definitely higher than the last year. Let me just see if I can basically get the last year number. So last year, we have 20% for the export segment and 80% in the domestic market. So our shift of mix from 20% to 32% happened in the period of last One year. Sandeep, you can add if I miss to answer any part of this opportunity.

Sandeep Zanzaria: No, I think, Sushil, you are right. And of course, yes, there is a constant endeavour for the Indian factories to keep on getting qualified because ours is a more regulated market. So the individual factories for a company needs to get qualified with various customers. So for regular endeavor, which we keep on doing to get the Indian factories qualified and then, of course, we keep on exporting products.

But yes, as Sushil that direct product is, of course, a different thing. But in projects, we are totally dependent on other geographies to win the project and then buy the products from GE. So I think there's a lot of interdependence there.

Parikshit Kandpal: And if you can just see what could be the opportunity in the prospect like exports prospects like you said INR 25,000 crores for domestic. So what is the addressable market right now you are catering in terms of prospects and export markets?

Sandeep Zanzaria: So that will be very difficult to quantify today that what is the prospect of export market, primarily because like, for example, we look at the global transmission market, it is in the range of close to about \$52 to \$55B. Of course, when based on because we have factories at multiple locations, then addressing different geographies. So that's why it's slightly difficult to quantify the export potential because...

Parikshit Kandpal: What would have bid for 9 months or how much would have bid in export market for 9 months and can quantify that so I can get some sense on what you have won out of that. So what would be the bidding ratio, what you have bid for last 9 months last number?

Sandeep Zanzaria: I think there, our market share would have been close to about 30% to 35%.

Moderator: The next question is from the line of Mohit Kumar from DAM Capital. .

Mohit Kumar: So first question is, sir, do you enter into a prepaid tie-up for TBCB opportunities as I understand the power grid floors or tender for?

Sandeep Zanzaria: Yes, we do enter into pre-bid agreements whenever it is possible.

Mohit Kumar: Second question is do we have price protection in the HVDC project generally because given the fact that they are going to large projects and you need to have some kind of pre-bid tie-ups



because they're limited number of players, and they also need to get more clarity on the pricing part.

Sandeep Zanzaria: So the on TBCB route, the HVDC projects have never been awarded. So this will be the first opportunity where the HVDC project is going to come on TBCB route. And then we definitely will enter into negotiation with the developers to protect our interest in terms of price variations and things like that. So definitely, but this would be the first of its clients. So it will be more of an exploration and discovery process, which is going to help.

Mohit Kumar: Last one on the export market, which are the key export markets for us?

Sandeep Zanzaria: So for supplies complete Southeast Asia to Australia. We've got order from Japan as well, also for African markets, Latin American market, seeing very selected products to go to even European markets also. So it depends upon the product, and it also depends upon the acceptance of the end customer in geography. But Africa, Southeast Asia, these two are consistent markets for us.

Mohit Kumar: Lastly, sir, are we looking to expand our suite of products for tapping the opportunities?

Sandeep Zanzaria: So I think globally, whatever manufacturing is being done by GE globally, I think except for one or two products, which have a very limited demand and for limited applications, everything that's manufactured by GE is manufactured the GE T&D in India. So product-wise, yes, obviously, we are not looking at, but we keep on adding new product ranges to our existing product portfolios.

Like, for example, whether it is relays or even in GIS or Circuit breakers. We keep on adding different voltages and localization. So that's how we expand the product portfolio. As of it, we are not planning to add a new product line itself to the existing portfolio.

Moderator: As there are no further questions, I now hand the conference over to Mr. Suneel Mishra: for the closing comments. Over to you, sir.

Suneel Mishra: Yes, Thank you, Darwin. So thank you, everyone, for your participation. With this, we conclude today's conference call. In case if you have any other questions, then please feel free to contact me or Mr. Anshul Madaan, on the e-mail ID given at our website. So thanks once again.

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.