



# “GE T&D India Limited Q4 FY-24 Earnings Conference Call”

**May 21, 2024**



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**Moderator:** Ladies and gentlemen, good day and welcome to GE T&D India Limited Quarter 4 and year ended March 2024 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. Megha Gupta from GE T&D India Limited. Thank you and over to you Ms. Gupta.

**Megha Gupta:** Good evening, everyone. A very warm welcome to the GE T&D India Limited Earnings Call for the 4th Quarter and financial year ended March’24.

I am Megha Gupta from GE T&D India Finance and Investor Relationship Team.

Today we have with us, Mr. Sandeep Zanzaria – CEO and MD of the Company, Mr. Sushil Kumar – Whole-Time Director and CFO of the Company, Mr. Abhishek Srivastava – Head Business Operations, Ms. Kanika Arora – Communications Leader, Ms. Anupriya Garg – Company Secretary of the Company.

During this call we will discuss,

- Company's Financial Performance, including Operational Highlights.
- will share Key Updates.
- will address any questions that you may have.

Before we begin the call, I would like to highlight few important notes for today's call:

Firstly, we have just declared results for the 4th Quarter and Financial Year 2024. The said results are now available on our Company's website. Further, we have also prepared analyst's presentation for the quarter which will be discussed during the call.

Also, I would like 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 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.

Towards the end of the presentation, we will be having a dedicated question and answer session.

Thank you once again for joining us today. We appreciate your continued support and trust in GE T&D India Limited. I will now hand over call to Sandeep for his opening remarks.

**Sandeep Zanzaria:**

Thank you Megha. Good evening, everybody. Appreciate your taking the time to join us today and for your continued interest in GE T&D India.

I'd like to begin by sharing that we are incredibly proud and excited that GE Vernova is now an independent company, having completed our global spin-off. This significant moment builds on more than 130 years of industry leadership and signals a tremendous opportunity to collectively accelerate the energy transition. GE Vernova is purpose-built to meet this challenge with its products and services designed to generate, transfer, orchestrate, convert, and store electricity in order to create a more reliable and sustainable electric power system. GE Vernova's Electrification business, of which GE T&D is a part of, electrifies the world with advanced grid technologies and systems, enabling power transmission and distribution across the power grid, and supporting a decarbonized and secured energy transition.

India is poised to witness the fastest growth in electricity demand among major economies, according to the International Energy Agency's report, "Electricity 2024". The Indian power transmission segment has grown significantly over the years to cater to this rise in generation capacity and power demand, making the country's electricity grid one of the largest synchronous grids in the world.

The big growth driver is the need for grid stability and flexibility in use by the renewables. Reinforcing, modernizing, and automating the grid with the right equipment, energy storage, power for control, reactive power equipment is mission critical to maintain stability. GE T&D is a major player in the transmission sector in India and we are totally geared up to exploit the expanding demand getting generated through energy transition and digitalization.

One of the other key growth drivers for us would be the India data center market, that is one of the most dynamic markets in the world and is witnessing several new investments from local and global operators.

With this background and rising demand in global and Indian market, we are excited to share a continued surge in our order book in Q4 which saw bookings of INR 13.3 billion, up by 53% YoY, compared to INR 8.7 billion in quarter ended March 23. Few of the key orders that we received were from PGCIL to build a State Transmission Asset Management Centre in Odisha, India for OPTCL and for supply of GIS for Data Centers in Maharashtra and Andhra Pradesh. For FY23-24, our order booking was INR 57.9 billion compared to INR 27.4 billion, up 112% YoY. This strong order pipeline helped us to improve our order backlog to 62.7 BNR as against 37 BNR of last year an impressive increase of 70%.

Our Q4 revenues stood at 9.1 billion INR vs 7.0 billion INR in Q4 FY 22-23, up by 30% YOY with a notable increase in our profits. On an FY basis, our FY23-24 revenue stood at 31.7 billion INR vs 27.7 billion INR in FY22-23, up by 14% YoY. Our Profit Before Tax & exception items for quarter ended Mar 24 was at 1,012 million INR compared to around 43 million INR in the corresponding quarter of the previous financial year. From an FY23-24 perspective, profit before

tax and exceptional items stood at 2,631 million INR vs. 381 million INR in FY22-23, which is a 7x times increase.

This improvement in profitability and balance sheet paved the way for the company becoming debt free. The cash and cash equivalent balance was at 2,765 MINR as on March 31, 2024 vs 1,573 MINR as on Dec 31, 2023 and Net debt of 1,730 MINR as on March 31, 2023. The cash generated was 1,192 MINR in Q4 and 4,495 MINR during the FY 23-24.

We are also pleased to inform all our shareholders that board has recommended a dividend of Rs 2/- per share after a gap of 5 years which is subject to shareholder's approval.

GE Vernova is committed to develop top-notch technologies that allow us to secure trust from our customers. For power grids, we developed 2 gigawatt bipole HVDC system, STATCOM solutions, a full range of grid stabilization solution, and we offer SF6-free switch gears, contributing to set the standards of the grid industry.

Utilities are moving away from viewing the grid as something that they operate with manual operations to a much more modern architecture that gives them the ability to see the entire grid and orchestrate for variabilities. With this critical demand driver, we see a robust addressable market for our energy-focused Software business, esp for GridOS, which is a highly differentiated offering and the first of its kind.

Lastly, we continue to focus on deploying our lean operating system to reduce lead time, reduce our cost and expand production output.

In the coming years, the nation's commitment to achieving 50 per cent of its electricity generation capacity from non-fossil sources by 2030 will necessitate substantial investments in both interstate and intrastate transmission networks. With ongoing investments in grid modernization, capacity expansion, and the integration of technologies, the future outlook for the country's transmission segment is promising. These initiatives will not only enhance grid reliability, but will also support the government's ambitious goals of increasing renewable energy capacity and reducing carbon emissions.

We could not be more excited about the path ahead, and we thank you for your continued support. I now invite Abhishek to talk about the operational

**Abhishek Srivastava:**

Thanks Sandeep. Good evening, everyone. I will just quickly take you through the Key Operational Highlights for GE T&D.

In the Quarter 4 of the Financial Year '23-24, we partnered in development of the transmission network of our country and in these two key milestones were achieved.

One was the commissioning of Renew Kopal Phase-2 which is the first TBCB project for our customer ReNew and this is the largest interstate grid connection for southern part of India.

Another key milestone was commissioning of 220 kV GIS for Adani Kutch Copper Limited and this was again a great sense of satisfaction for us in terms of participating in setup of one of the largest single point copper manufacturing facilities and this project was done in a record time.

So, these are two key highlights and I hand over to Sushil to take us forward.

**Sushil Kumar:**

Thanks Abhishek and good evening, everyone.

Talking about the Financial Performance and first highlighting the Orders Achievement:

This Financial Year we booked 57.9 billion of orders. This was 112% more than the orders that we booked in the last financial year. During the quarter we achieved 13.3 billion of orders which was 53% higher than corresponding quarter in the last year. If you look at the investor presentation, it's important to note that every quarter in this financial year, the order booking number was significantly higher than what we achieved in the corresponding quarters of the last financial year. The orders that we achieved are basically coming from different set of customers. This includes the central PSUs, state utilities, developers, EPC companies and so on. Also, we have made a significant improvement in the export orders during the year.

In terms of the Financial Performance:

This quarter we achieved 9.1 billion of revenue about 30% higher than corresponding quarter in the last year, whereas on a full year basis we achieved a revenue of INR 31.6 billion, about 14% increase versus the last financial year. However, a very important improvement is in the EBITDA level where we have about 12.8% EBITDA for the quarter, a significant 8.3 points improvement versus the corresponding quarter in the last year. On an overall basis the EBITDA for the financial year was 10.8%, which represents about 5.9 points increase versus the corresponding last financial year. Similarly, like we have a significant improvement in the EBITDA and since we have become debt free and we do not incur the financial charges as in the earlier financial year, the performance or improvement in the profits before tax and exceptional items and profits after tax is higher than what we see in the EBITDA level. The details of which are already given in the presentation.

In terms of some of the highlights as highlighted in the Page #8 of the investor presentation, with respect to the split of order book and revenue between export and domestic payments. So overall for the financial year, the overall 57 billion orders that we booked, 68% of the orders were from domestic market and about 32% orders from the export market.

On the revenue front, on the entire financial year, out of total 31.6 billion of revenue, 69% of the revenue is from the domestic market and about 31% of revenues from the export side. End of the financial year, we have about the backlog of 63 billion of which 63% coming from the private customers, state utilities have about 10% share and about central utilities have about 27% of the backlog.

With that we can now open up for the questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press ‘\*’ and ‘1’ on their touchtone phone. If you wish to remove yourself from the question queue you may press ‘\*’ and ‘2’. Participants are requested to use handsets while asking a question. Ladies and Gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Mohit Kumar from ICICI Securities Limited. Please Go ahead.

**Mohit Kumar:** Good Evening Sir, Congratulation for the good quarter. My first question is the order inflow, of course last year was stupendous. But as you go forward how do you see the next 12 months from ordering point of view, given the sharp bidding activity in interstate transmission system?

**Sandeep Zanzaria:** Thank you for the question and yes, the momentum which has been built in the past year in terms of order intake, we expect the momentum to be there. We are looking and closely monitoring the situation because we see a number of transmission projects which are under finalization now where the reverse options and things are happening. So, we are looking at the sustained ‘24-25 as well.

**Mohit Kumar:** My second question is, I believe that we do not have any STATCOM under installation in India. Are we in the process of indigenizing the STATCOM and start looking at this opportunity in future?

**Sandeep Zanzaria:** Yes, you are right Mohit that today we don't have a STATCOM order which we are executing in India but definitely globally we have a portfolio of STATCOM, recently there was announcement of GE has won one STATCOM in Taiwan as well. So yes, we are closely watching this market and then we are engaged with few customers as well. So yes, we will be present in this segment as well.

**Mohit Kumar:** But can you execute right now or you can't execute now, if any order is available, you can't take it now, is that a fair assessment?

**Sandeep Zanzaria::** We can take and execute.

**Mohit Kumar:** Okay, Understood Sir. My third question is given that there's a large 3-4 HVDC lines which are about to be tendered from the starting for next couple of months to the Leh-Ladakh. Is it fair to assume that we can execute at least two of them at one instance or do you think that it is too large, and we can only do one?

**Sandeep Zanzaria:** I will not be able to comment on whether we will be able to do one, three, four. But yes, we are a global player of HVDC and definitely India remains a very important market for HVDC. So yes, we are committed to Indian HVDC market.

- Mohit Kumar:** Understood Sir. Thank You and all the best.
- Moderator:** Thank You. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.
- Parikshit Kandpal:** Hi Sandeep. Congratulations on a great quarter and the year. My first question is on the order bookings from the parents. If I remember correctly, last year last call we had said that total exports of 1,600 crores, 1,200 crores were related party orders. And we had taken approvals of almost 2,800 I think 1,000 earlier and then later on we followed up with another 1,800 crores of orders. So just wanted to understand from the ordering point of view what has been closed out of the new 2,800 crores of RPT approvals we have taken in this financial year and how much of these orders are expected to come in FY25?
- Sushil Kumar:** When we talk about the export segment and this time as I mentioned, we have done about 18 billion of orders from the export segment out of the total 57 billion of order bookings. And you rightly mentioned that almost 65% to 75% are coming from the related party or the group entities. In terms of the subsequent approval that we had taken as a related party, those contracts are still under discussion and negotiation and the related parties or the other group companies are participating in further tenders with the third parties. If they win and we are able to negotiate with the related parties, we expect to have a momentum in the first half of this financial year.
- Parikshit Kandpal:** Okay. Again, second thing is that we have seen our parents the Vernova electrification equipment business, the order backlog has been growing, like from CY21 of \$5 billion now it is almost at \$13 billion at the end of CY23 and at the end of 1Q CY24 it's already 18 billion. So, do you think that this trend of related party transactions on the other booking sides, we will see continuous uptrend on this at least in the near term given under-investments in the capacity building globally?
- Sushil Kumar:** The market is strong globally as well as in India and wherever we get the opportunity we continue to focus on that and convert that opportunity into order. As and when we get further opportunities from the related parties, we definitely would like to have more and more orders from the related parties.
- Parikshit Kandpal:** Will these orders be at a better margin, given you have mentioned in the past that export orders do have better margins? So, when we take now these export orders are sizable from the parent point of view at 65% which you highlighted 65% to 70%. But are these margins dilutive to the India business or will have similar or better margins?
- Sushil Kumar:** Yes, generally the export orders margin are better than the margins that we get in the India business historically. But India market, the pricing is also improving and the margins are also becoming better. So, depending on the deal or the business line in some business lines we will get better margin at the India level as well.

- Parikshit Kandpal:** And just the last question, on this HVDC side, recently I think BHEL on today's call said that they have entered the joint venture with the international Company. So, is it GE or if not then whether are we looking at tying up or for HVDC in a joint venture or directly bidding for these orders?
- Sandeep Zanzaria:** So Parikshit, we will not be able to confirm or deny anything because these are all individual strategies in the market.
- Parikshit Kandpal:** But we are open to directly bidding also, are we open with both the options looking at the joint venture with anyone else or also directly bidding?
- Sandeep Zanzaria:** I will not comment on that whether we are bidding in consortium or whether we are bidding alone. But yes, we are very serious and we will be an important player in HVDC in India.
- Parikshit Kandpal:** And Sushil just one thing on this tax, there is a high outgoing tax this quarter, especially the tax rate is high. Is there any one-off, you have taken some tax provisioning for previous years? If you can help us clarify why the tax rate is so high in this quarter.
- Sushil Kumar:** So, as you see the profit and loss statement that we published to stock exchange, we have already classified 85 million of tax related to the earlier year as a separate line item. So that's a one-off item.
- Parikshit Kandpal:** But what is the reason behind it? So, I just wondered. I've read that note but what was this pertaining to? Was there any assessment or anything?
- Sushil Kumar:** Yes, it's pertaining to the review of the available tax balances and the probability of getting those from the tax authorities' basis the internal as well as external opinion that we have taken. But I can confirm that this is a one-off item in the P&L.
- Parikshit Kandpal:** Okay. Thank You Sir and wish you the best. Those were my questions.
- Moderator:** Thank You. The next question is from the line of Renu Baid from IIFL Securities. Please go ahead.
- Renu Baid:** Hi, Good Evening team and congratulations for a very strong performance. My first question is just to understand on a broad basis, now that you mentioned Vernova is separately spin off entity, does it have any material implication on the way the operations have been run at GE T&D India or any strategic decisions for the India entity or business remains the way it was there until last quarter or so?
- Sandeep Zanzaria:** Operationally and strategically at least I can say that the business remains as it is. But the advantage of for example when it was a very larger GE, but today when it becomes Vernova we are a very energy focused Company. So definitely with time probably because we are just very new like 2<sup>nd</sup> of April, we became Vernova and today we are in May. But I think with a lot of



other businesses of Vernova, we will now be looking at more operational, how to integrate and try to address more markets. That will be a strategy which we will be exploring in time.

**Renu Baid:** Secondly from an order book perspective, I know you've commented earlier, but if you see it's the highest inflows in the past decade that the India entity has secured and order backlog also in absolute levels is back to 2019 levels. So, ex of the HVDC export order which you mentioned was a longer gestation cycle project, what would be the average execution of the current backlog that we have excluding the HVDC export?

**Sushil Kumar:** So, depending on the product that we sell, it ranges from 12 to 24 months.

**Renu Baid:** Got it. And on this backlog also especially the last 6 months at least domestic market has been extremely favorable for the equipment vendors and pricing has seen material improvement. So, you think the gross margin that you were able to report in fiscal '25, 35% which was a reasonably healthy level, that should be maintainable or you believe there could be some headroom for improvement from further on from these levels as well given that business is still product heavy compared to projects?

**Sandeep Zanzaria:** I will say here that business as a strategy we are more product heavy than project. So, this is one change in strategy what we have done and in the various investor call we have been telling that this is the strategy. That is one thing. And yes, definitely the whole organization works for the improvement of margin. It is not that at whatever we have won is something that we are happy with it. So, through lean, through sourcing savings, through risk mitigation, all the levers are put into place to improve the margin. So, I think we are pretty confident that yes, we should be able to do a much better '25.

**Renu Baid:** Related to this one more question, lastly on this side, in the last conference call we did highlight that potentially the India entity could win another 1,000 crores kind of order from the group for HVDC exports and we were expecting it somewhere around April-May. So, is that order very well on cards and could be expected in the near term or it would be again subject to certain wins from the parent group entity?

**Sushil Kumar:** So, Renu I answered this question when Parikshit asked the same question. First of all, just as a clarification, we didn't declare,, that it's an HVDC order. It is for various products that we manufacture in our factories.

The second part as I mentioned, it is subject to win by the related parties from the customer as well as internal confirmation by GE T&D from the group entities because we are not the only one who manufacture this product. But yes, we are working seriously on order and we are basically trying our best to get more orders from the export market as we have been focusing both directly as well as export market to increase our order books and utilize maximum capacity of the plants that we have. Just to add on the timeline remains same that in the first half of the financial year we will have the outcome of this decision.

- Renu Baid:** But strategically if we see, which other product lines within our fold you think may have a higher chance of winning fresh mandates from the parent apart from HVDC range given that globally this value chain and supply chains for a lot of power grid equipment are stretched and in addition to the product lines which new markets in your view may open up for India the way the Korean markets have opened up recently through the parent entity? That's the last question from my side.
- Sandeep Zanzaria:** So, Renu, here I think one of the things is that yes, definitely the markets are opening up because the energy transition story is very strong in many geographies and so we are getting allocated newer markets which are there. And definitely we are looking eagerly towards the outcomes of these decisions which are there which is pending with the end customers. That is one thing. And second, when we talk about HVDC, it is not only the transformers but as Sushil said that we have never said that these are only like HVDC opportunities which are it could be normal substation product opportunities as well. And for a product different like the AIS, GIS there is a good amount of localization done in the country itself. So, we are not so heavily dependent on the outside supply chain. Definitely there will be few critical components which are going to come from the offshore vendors. But then a large part of those supply chains are also localized which makes the challenge bit less. I would not say that it's totally like a zero challenge but it really reduces the challenge in terms of the supply chain as well for the other products.
- Renu Baid:** Got it. Thank You so much and best wishes Sir.
- Sandeep Zanzaria:** Thank You
- Moderator:** Thank You. The next question is from the line of Moksha from Agility Advisors. Please go ahead.
- Moksha:** I wanted some clarity on these STATCOM part. How big is this opportunity for STATCOMs in India?
- Sandeep Zanzaria:** We are looking at about—close to in next 2 to 3 years we are looking at about—15 to 20 STATCOMs to be put in India. And individually I think one project would be some, it depends upon rating because the ratings of STATCOMs are different. So that's why the total configuration would be totally different. But each STATCOM project can range somewhere between 250 crores to about 500 crores.
- Moksha:** I would ask a few more questions on the STATCOM basically. So, where is this required in the entire value chain? Where is it placed in the entire power value chain?
- Abhishek Srivastava:** So basically, these STATCOMs are installed wherever we have installation's from renewable sources. So, in the transmission network these STATCOMs are being installed.

- Moksha:** So, are these going to be installed in the new transmission lines for those renewable energy or will these be replaced?
- Sandeep Zanzaria:** They will be new. So, for example the new substations which are coming under TBCB, there at the exit substations, along with the substation the STATCOMs are being installed.
- Moksha:** So, these are basically installed with these substations?
- Sandeep Zanzaria:** Right.
- Moksha:** In the transmission as well as distribution or just the transmission substations?
- Sandeep Zanzaria:** Only transmission.
- Moksha:** How was this requirement of STATCOM fulfilled earlier in India?
- Abhishek Srivastava:** When the generation was lower from the renewable sources, anyways reactive power compensation was not needed to this level. So earlier the sources were mostly fossil fuels, thermal power generation, and hydro. There you don't need these STATCOMs for compensation to this level. With the renewable power coming into play, now the requirement of reactive energy has gone up. So, you need dynamic devices just like STATCOM to enable that flow of energy. So, this is something which is because of huge spur in growth of the renewable generations.
- Moksha:** So, is it just, like the STATCOM that are getting installed, is it there's a mandate or something that has to be made or it's just a requirement?
- Sandeep Zanzaria:** This is a mandate which is coming from the grid operators as well, that along with the substation you need to put the STATCOM.
- Moksha:** Are there any alternatives for the same currently which are being used or which can be replaced?
- Sandeep Zanzaria:** So, there are other technologies which are there globally but in India no, the STATCOM is the preferred technology.
- Moksha:** Thank You so much, Sir. These were my questions.
- Sandeep Zanzaria:** Thank You Moksha
- Moderator:** Thank You. The next question is from the line of Jonas Bhutta from Birla Mutual Funds. Please go ahead.
- Jonas Bhutta:** Good Evening, Gentlemen and thank you for the opportunity and congratulations on a great set of results. Couple of questions, Sandeep. Basically, while we appreciate that the shade of the

business has become product heavy in the last few years, what would be the broad breakup of sales between products and projects as we speak?

**Sushil Kumar:** Please give me a minute to get the information.

**Jonas Bhutta:** And if I can just carry on while you get that data. Additionally, I just wanted to understand if at all we were to sort of split the project side, would transformers and switchgears be the two major key products within that subset?

**Sandeep Zanzaria:** Normally switchgear is a part of the projects which we deliver but transformers are not part of the projects normally we deliver because today all these, whether it is utility, private customers they buy transformers, reactors separately and projects separately.

**Jonas Bhutta:** And what would be our nameplate capacity for transformers after we exited Naini?

**Sandeep Zanzaria:** So, what happens is that “how many & what complexity” of transformers you manufacture depends. Suppose for example maybe an HVDC transformer when you manufacture, maybe it might be a 300 MVA but the cost of that 300 MVA transformer would be like for a normal 765 kV, it would be about 3X of that cost. So MVA is not basically, of course it's a very high-level reference which is there but actual reference is that what kind of rating and how many transformers and reactors combination including HVDC, including for example STATCOM, it all depends upon complexity and the different, for example a three phased 500 MVA, single phase for 500 MVA is very different. So that's why we say that we don't want to measure ourselves in terms of MVA capacity.

**Jonas Bhutta:** I would have assumed that it would be 18,000 to 20,000 MVA. Is that a ballpark range where we are on an installed capacity basis?

**Sandeep Zanzaria:** Yes, I would say that's a fair guess.

**Jonas Bhutta:** What I was trying to triangulate to was that at some point in time I think a couple of years back, you mentioned that as an entity as we move to products, we would do peak revenues of anywhere close to Rs. 40 billion to Rs. 45 billion. We are at about 31. Given the shade of the order book and the sales mix which is HVDC heavy and progressively will get HVDC heavier, you think that 2 years, 3 years out that number could be breached just because from a sales mix perspective?

**Sandeep Zanzaria:** This will be a forward-looking statement and we would like not to comment on this.

**Jonas Bhutta:** The second question, do you want to give the breakup of the project versus product or can I proceed to my second question?

**Sushil Kumar:** I have the information. So, project is we have about 30% of the total 31 billion revenue that we achieved in the last financial year and 70% is from the products, services and other business.

- Jonas Bhutta:** The second question and I am going to harp on the HVDC bit is, from a competitive positioning if you see one of your MNC peers has tied up with a local player and combined they would probably have (+50,000) MVA capacity to sort of cater to for an HVDC project while we on a standalone basis, along with the parent who's already choked with orders is in fact reverse outsourcing to us. Does that put GE T&D at any disadvantage from just the sheer timelines that it can deliver a particular project? The early-stage projects of Fatehpur-Bhadlaa and Khavda-Nagpur, we may have open capacity maybe for Le-Ladakh and Khavda-Olpad. But at least in the first two projects, do you believe that you are at a disadvantage in that sense?
- Sandeep Zanzaria:** I will not say that we are at a disadvantage because at the end of the day, normally if you would have seen our path. So normally we are not trying to build a further risk into the Company. So, we will be attempting and we will be targeting projects which are within our capacities only. But I will not be able to comment today that whether we are at a disadvantage or whether we are at advantageous position because HVDC is not only transformer capacity but there are a lot of other factors also included in an HVDC project which includes the global loading factors and other factors as well. Also, the amount of localization, so there's a lot of factors which are involved into an HVDC I would say, pricing and things like that. So, on the competitive side it will be very difficult to comment.
- Jonas Bhutta:** And just last quick one Fatehpur- Bhadla since the bids have been put in, what is the execution timeline as per the bid as intender?
- Sandeep Zanzaria:** It is 48 months for the first 3,000 MW and 54 months for the next 3,000 MW.
- Jonas Bhutta:** Understood, Thank you and all the very best.
- Sandeep Zanzaria:** Thank You Jonas
- Moderator:** Thank You. The next question is from the line of Prathmesh Salunkhe from PL Capital. Please go ahead.
- Prathmesh Salunkhe:** Good Evening Everyone. Thank you for taking my question. I had a question on the capacity side again. So, saying we had like 18,000 to 20,000 MVA variable capacity. Just wanted to know, are there any capacity expansion plans in the books right now?
- Sandeep Zanzaria:** This was not what I said that it is 18,000 to 20,000 but Jonas's view is that we have 18,000 to 20,000. So, we have a very globally if you are following GE Vernova, there is a very strong culture of lean implementation through which we keep on working on how to expand the capacity through debottlenecking and through improvement of process flows and things like that. So, we keep on working on those things and we also keep identifying what are the bottlenecks. And then trying to see how this can be addressed to expand the capacity.

- Prathmesh Salunkhe:** Okay, I Understand. Just wanted to know is there any capital expenditure plans or not capacity expansion but anything else?
- Sandeep Zanzaria:** So, if that will be there then we will be anyhow declaring that officially to all our shareholders at the same time. We would not like to comment anything on an investor call on this subject.
- Prathmesh Salunkhe:** I Understand. I wanted to know the capacity utilization for specifically Vadodara plant because if I am not wrong all the transformers come from our Vadodara plant. So I wanted to know the...
- Sandeep Zanzaria:** I would say that it is pretty occupied, but it is very difficult to comment in terms of whether like it is 92%, 72% or 62%. So, there are a lot of operational efficiencies which we measure but from a market perspective, it is very difficult to comment on such numbers.
- Prathmesh Salunkhe:** Okay so it's pretty high. More than 90, would you say?
- Sandeep Zanzaria:** That I will not say.
- Prathmesh Salunkhe:** Okay, Got it. Thank you so much for taking my questions.
- Moderator:** Thank You. Just a reminder to all the participants if you have any questions you may press '\*\*' then '1' now. The next question is from the line of Inderjeet Singh Bhatia from HDFC Securities. Please go ahead.
- Inderjeet Singh Bhatia:** Thanks Gentlemen for the opportunity. Few questions from my side. First is you mentioned projects being 30% of the order book right now. What was the corresponding number at the start of the last financial year?
- Sushil Kumar:** Mr. Inderjeet, the question was how much of the revenue comes from the project business in the last financial year. So, it was revenue number of 30% not the order book number of 30%.
- Inderjeet Singh Bhatia:** Would the order book mix be similar now, 30-70?
- Sushil Kumar:** It will be lower. I don't have the exact number, but it should be lower.
- Inderjeet Singh Bhatia:** In I think Quarter 3 call you had talked about revenues catching up with your very strong order book growth from Quarter 1 onwards. Is that still on track because last year we've done 14% revenue growth while orderbook growth is very significant compared to that?
- Sushil Kumar:** So, I will answer it differently. I think year-on-year comparison of 14% is one dimension to look at this number. But the other dimension is to also look at from the last year same quarter wherein we have delivered 30%. And if you look at last few quarters, then every quarter we are delivering higher revenue than in the past. So of course, we have INR 63 billion of order backlog which has a specific execution timeline as per the customer contract. In the earlier question we explained also the timeline, it ranges from 12 to 24 months. This is the customer contract with

will definitely be executing and hopefully we should be looking to increase our revenue as much as possible as per the contract timeline.

**Inderjeet Singh Bhatia:** One question on the cost structure, if I look at on a quarterly run rate, your staff cost and your other operating expenses roughly around 200 odd crores. What part of this is fixed cost and how much is variable out of that. I am assuming staff is definitely fully fixed. The staff would be fixed I am assuming, and then other operating expenses would have mixed that. Can you share any color on the breakup between fixed and variable?

**Sushil Kumar:** The other extent I don't have immediate breakup, but we can on a very high level take about 50-50 ratio.

**Inderjeet Singh Bhatia:** On a manpower wise how are we staffed right now? Do we need to kind of ramp up recruitment very significantly or we are well staffed for the order book that we have?

**Sandeep Zanzaria:** So, I would say that we are adequately staffed. But depending upon the orders what we are taking and things like that, there is a plan which is always under a review. And whenever we think that we are going to need people there is a plan toward that.

**Inderjeet Singh Bhatia:** One last question from my side. I am sorry to nitpick, but just looking at a quarterly trend especially in the last two-three quarters. Our gross margins were around 36% in Quarter 2 and Quarter 3. They've come off to 33% in Quarter 4. Is there anything to read in it? Any one-time or any legacy orders getting closed or any mix change?

**Sushil Kumar:** This particular analysis we have been talking almost every quarter that in terms of gross margin it's better to look at the entire year performance. On a full financial year basis, we achieved a gross margin of about 34.5% which was 5.5 percentage points higher than the last financial year. Every quarter it depends on the mix of different businesses that we do different products and different contracts. So that can vary a little bit. But overall, we have made a very significant 5.5 percentage point improvement in the gross margin in the entire financial year.

**Inderjeet Singh Bhatia:** Definitely. Thanks a lot and best wishes for the future and congratulations on great numbers.

**Moderator:** Thank You. Participants you may press '\*' and '1' to ask a question. The next question is from the line of Dhruv Aggarwal from Niveshaay Investment Advisors. Please go ahead.

**Dhruv Aggarwal:** Good Evening Sir. I have just two basic questions. Firstly, I wanted to understand that if in an EPC project suppose the project size is 2,000 crores in the transmission segment, then how much cost is incurred on the towers, cable, and wires on the substation in that 2,000? If you can give the rough idea.

**Sandeep Zanzaria:** Dhruv it will be very difficult to give a rough idea because different projects have different combinations. For example, if it's a 400 kV or is it 765 kV, if somewhere the substation is smaller maybe 1500 MVA, somewhere it is 3000 MVA. Somewhere the lines are longer, somewhere

the lines are shorter. So, this is a very project specific breakup which is there. You cannot just simply take a value and then say that 'okay' this is going to be the breakup in that.

**Dhruv Aggarwal:** The second question will be on the STATCOM, while setting up these substations, what percentage of cost would be or what percentage of amount would be spent on this STATCOM as a percentage of total cost on setting up this substation?

**Sandeep Zanzaria:** So, that's what I said that the STATCOMS are getting ordered separately and substations are getting ordered separately. So that's what I said that depending upon the STATCOM rating each STATCOM would be somewhere between **250 to 500 crores.**

**Dhruv Aggarwal:** This is a broader range. Can you just quantify in terms of percentage if it would be possible for you?

**Sandeep Zanzaria:** So substation is not included in the STATCOM.

**Dhruv Aggarwal:** So, it would be set up on which side, like you said on the renewable side the STATCOMs are set up. So, can you just quantify where would be this?

**Sandeep Zanzaria:** So, you are asking me that where the STATCOMs will be set up?

**Dhruv Aggarwal:** Yes.

**Sandeep Zanzaria:** So, you have a lot of projects like you have in Khavda, you will have in Bikaner-Bhadla, South Olpad. So, lot of wherever renewable substations are coming STATCOMs are coming with them.

**Dhruv Aggarwal:** And which companies are setting up these STATCOMs? Is this the only GE T&D Company setting up the STATCOMs or is there any some other players also setting up the STATCOMs as well?

**Sandeep Zanzaria:** There are other players as well.

**Dhruv Aggarwal:** Okay. Fine Sir. Thank You.

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

**Megha Gupta:** Thank you all for joining us today. We hope the insights provided by our speakers have been informative and valuable to you. We value the trust and support of our investors and analysts and ensure to remain committed to maintain transparent communication and fostering strong relationships.



If you have any further questions or require additional information, please do not hesitate to reach out to me or our communications leader.

Once again, thank you for your participation in today's call. We look forward to your continued support. 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.