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February 10, 2022

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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 4, 2022**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on February 4, 2022 in respect of financial results for the third quarter and nine months ended on December 31, 2021.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For GE T&D India Limited

Manoj Prasad Singh  
Company Secretary



# “GE T&D India Limited Q3 FY-22 Earnings Conference Call”

**February 04, 2022**



**MANAGEMENT: MR. PITAMBER SHIVNANI – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER, GE T&D INDIA LIMITED.  
MR. SUSHIL KUMAR – WHOLE-TIME DIRECTOR &  
CFO, GE T&D INDIA LIMITED.  
MR. SANDEEP ZANZARIA – COMMERCIAL LEADER, GE  
T&D INDIA LIMITED  
MR. MARIASUNDARAM ANTONY – PROJECTS BUSINESS  
LEADER, GE T&D INDIA LIMITED.  
MR. DEEPAK PANDEY, BUSINESS LEADER DIGITAL  
GRID, GE T&D INDIA LIMITED.  
MR. ANSHUL MADAAN – COMMUNICATIONS LEADER,  
GE T&D INDIA LIMITED.  
MR. SUNEEL MISHRA – HEAD -INVESTOR RELATIONS,  
GE T&D INDIA LIMITED**



*GE T&D India Limited  
February 04, 2022*

**Moderator:** Ladies and gentlemen, good day and welcome to GE T&D India Limited Third Quarter ended 31st December 2021 for FY2021-22. 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, please signal an operator by pressing “\*” and then “0” on your touchtone telephone. 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, Inba. Good day to all of you. Hope you are safe and healthy. So welcome to today’s conference call with the GE T&D India Limited management team here. As we know this conference call has been organized to present and discuss financial results for the third quarter of the financial year ended on 31st March 2022.

Now, let me first introduce my management team available on this call. We have with us Mr. Pitamber Shivnani, Managing Director and Chief Executive Officer; further we have Mr. Sushil Kumar who is the CFO and Whole-Time Director. We have Mr. Sandeep Zanzaria who is our Commercial Leader. We have with us Mr. Mariasundaram Antony, who is our Project Business Leader and we have Mr. Deepak Pandey today who is the Business Leader responsible for Digital Grid. We have also with us Mr. Anshul Madaan who is our Communications Leader.

Please note that this conference call is scheduled up to 5:00pm. I hope you would have received the investor analyst presentation. And the same has been uploaded on our website. I hope you will also read with the disclaimer on slide number #2. I would now request Mr. Pitamber Shivnani to begin this call highlighting key events of the quarter. Then Mr. Maria updating us on operations. Thereafter, Mr. Deepak Pandey will give us some update on digital grid business scenario and the related opportunities. Further Mr. Sandeep Zanzaria will take you to overall grid market. Lastly, Mr. Sushil Kumar will give us his insights on financials. I now invite Mr. Shivnani to begin the conference with his opening remarks. Over to Mr. Shivnani.

**Pitamber Shivnani:** Thank you, Suneel. Ladies and gentlemen good evening. Thanks for joining the call. We hope you and your families are healthy and safe. I would like to start this call by giving you a brief overview about the last quarter, and then would request other speakers present in the call to go through the details. During the third quarter of financial year 2021-22 we successfully navigated a dynamic environment delivering a solid free cash flow. However, the top line results were pressurized due to challenges around the operating environment, including continued supply chain disruptions, commodity inflation, and market pressure continue to remain tough. We remain focused on our portfolio, significantly reduced debt in the third quarter and strengthen our operating performance through lean and decentralization.

Orders were pressured due to market dynamics and commercial selectivity. However, we are fully aware about the importance of growing orders. And we are working on innovative ways to address the market challenges more effectively. Sandeep will talk about the orders in detail. As mentioned earlier, Q3 has been a challenging quarter as everyone was put to test by the



commodity inflation and continuing supply chain disruption and hence the same has impacted our financials as well. Sushil will cover the financials in detail shortly.

India is home to one of the world's largest renewable energy programs with a target of 175 gigawatts of installed renewable capacity by 2022. And a vision to increase renewable capacity by 500 gigawatts by 2030. Government commitment is clearly reflecting in the increased budget allocation in financial year 2023 to renewable energy development agency and Solar Energy Corporation of India, which has been increased collectively by 143% as announced yesterday, I firmly believe that grid will play a critical role in solving the trilemma of affordable, reliable and sustainable energy to meet increasing energy demand and support the country with our customers in achieving their net zero ambition. We are confident about where we stand today and where we are headed with. With respect to the order book, our current market backlog stands at around 38 billion. With that, I request Maria to provide further insight on operations during the quarter. Over to you Maria, Thank you.

**Mariasundaram Antony:** Thank you Pitamber. Good evening to everybody in the call. I would like to give a brief update on our operations covering the key commissioning, which we did during the last quarter. And we actually continue to play an important role in terms of creating the grid of the future for the country and the region. And some of the key commissioning, which we did during the quarter which was majority of them significant part of them were air insulated, air substations. And if you really see we commissioned our substation, AIS substation to 20 kV substation in DVC, Purulia in West Bengal. We also commissioned important substation in Avaada, for Avaada in Bikaner, in Rajasthan, which will involve commissioning of 400 kV AIS substation along with 150 MVA transformers. In the same region, in Rajasthan in Q3, we actually commissioned 760 kV AIS is substation for Adani BKTL. And then we also down South we actually for our refinery customer HPCL Vizag, we commissioned their AIS bay which is an extension bay which is part of the APTRANSCO's Kalpakkam substation, and then on the Eastern side of the country, in Jharkhand, for JUSNL in Meral, we actually commissioned 132 kV and 33 kV AIS substations along with the PMB transformers. So, definitely, we continue to play an important role in commissioning the substations, which play an important role for the evacuation infrastructure for the country.

2021 overall, we completed 40 substations throughout the year, in a time when we had the COVID second wave also we continue to support in terms of improving the evacuation infrastructure in the country. With that, I would hand over to Deepak Pandey to give an update on digital grid.

**Deepak Pandey:** Thanks Maria. Please refer to slide #5 which speaks about digital initiatives of decarbonisation and digitalization by GE T&D India Limited. We would like to highlight that more than 50% of India power flow is on GEs digital technology. Currently, we have around +100 control center and data center across India monitoring and controlling various parameters and stability of grid and improving the reliability of the power systems. We are present in both transmission as well as in distribution landscape. In transmission, GE T&D is managing power grids, transmission



effects wide MTAMC project, the picture of which is present the second picture on the left hand side of the presentation. GE is also managing the national road dispatch center of neighboring countries of Sri Lanka and Bangladesh. GE's wide area monitoring system technology is working at a national level to prevent future blackouts. The blackout which happened in 2012. This technology was developed by GE and it is one of the mature and the largest implementation across the world to stabilize the grid.

GE is also working on managing renewable challenges because renewable power has its own challenges due to fluctuations of solar and wind. Currently, we have implemented our technology in the state of Rajasthan, which is reaching around 40% of renewable component based on the total installed capacity. So, this technology is already implemented as an and is in final commissioning stages. On the distribution landscape, we are present in both private as well as the government distribution utility, where our digital technology for distribution management has been implemented in Tata Power Delhi, which is improving reliability and serviceability of customers. There are a couple of prestigious projects which are underway, right from Jammu and Kashmir to Casco in Kanpur and Tata Power Orissa. The three Discoms which have been privatized, as well as in Nepal.

GE digital business is geared up for the new RDFS scheme, which was announced by the honorable Finance Minister last year. And the rollout has started this year, in which the modernization component is worth around 17,000 crores with an outlay of five years. So, we look forward for good opportunity in distribution landscape with this scale. So, I now hand over to Mr. Sandeep Zanzaria for the next slides on order intake.

**Sandeep Zanzaria:**

Thank you Deepak. And good afternoon, everyone. So, I would say that in terms of order intake it was comparatively a muted quarter. Primarily because of course there is a lot of action which is happening on the renewable front, but still the projects are getting identified and TBCB bidding is going on, I would say slightly delayed for the decision making towards the equipment manufacturers or the ETC players. So, if we really look in the last quarter, it was primarily only three, four projects in TBCB space, which got decided, which was primarily Nangalbibra, Kopal and Osmanabad for the developers. And of course out of that, we have already won the project of Kopal in the last quarter through renew power. So, I would say that, going forward the pipeline looks to be much better than what we have seen in the last nine months. We see there are a lot of reverse auctions now, for the projects which were envisaged by the government earlier, the reverse auctions are now happening for example, Narela, Khavda and of course with there is a big pipeline of projects, which have now been identified about 20 gigawatt for evacuation of renewable. So, this is going to create a very good sustainable pipeline, at least for next two quarters, the quarter in which we are and next quarter, at least two quarters we will have a good sustainable pipeline for decision making. We are seeing a tremendous pressure because of the reverse auction happening on the developer side, which is again coming on the EPC and the product side as well. But still the good part is that the market has picked up that is one thing. States we are seeing that still not too much of attraction on the state side, very limited opportunities coming in the state sector. But another positive thing which is happening is that,



even the industrial CAPEX is now picking up. So we are seeing that in the metal side large producers of metal, they have now started talking and coming up with projects which also requires enhancement of the grid capabilities. Of course we really look we are about 4% down since last year for the nine months what we did in terms of order intake. And the main successes is again Kopal, SJVNL of course we had got some retrofit of our own installed base of 400 kV GIS and then we have done some restoration and some work for Parbati NHPC. And then there were multiple orders of export as well. So, I now handover to Sushil.

**Sushil Kumar:**

Thanks Sandeep. Good afternoon, everyone. Moving to page #7 on the financial performance. During the quarter revenue was 9.1 billion compared to 10.3 billion in the same quarter last year. So this is 11.6% lower than the last year. On a nine-month basis our revenues were 24 billion compared to 25.4 billion on a nine month basis in the last financial year, so we had a 5.7% lower revenue in the current period. As Pitamber mentioned due to continued impact of commodity prices, input costs, and the supply chain disruptions our profitability for the quarter was muted. EBITDA level we posted 292 million of EBITDA compared to 575 million EBITDA in the last financial year, quarter three. On a nine month basis, we had an EBITDA of 505 million, compared to 1006 million EBITDA for a nine month period.

Entire reduction in the EBITDA can be directly said to be the result of the increase in commodity price, resulting into the increase in input cost for the company. Which again had an impact on the profit before tax. So we had almost a breakeven profitability during the quarter compared to 754 million of profit before tax in the same quarter last year. Out of 754 million in the last year, quarter three we had exceptional gain of 259 million on account of sale of one of the property. So, excluding that the profitability was in the range of 450 million in the last year. So the entire thing of around 450 million on operational performance in the quarter is predominantly as I said linked to the commodity price impact and increasing the input cost. During the quarter and on nine months basis we had strong improvement in the cash flow, we generated about 136 crore or 1360 million of cash flow during the nine-month period, which helped us in reduction of debt from 161 crore net debt end of March 2021 to around 224 crore at the end of December. So good performance of cash by making a strong improvement in the working capital.

Moving to the page #8, we have shared the information about the split of orders, revenue and the backlog. Talking about order booking, we have 5.1 billion of order during quarter three of which 4 billion was strong domestic market and about a billion INR orders from the export market. On a nine month basis, out of total 16.1 billion of orders 10 billion was from domestic market and about 5.7 billion from export markets. On the revenue side out of 9.1 billion of revenue 6.5 comes from the domestic projects and about 2.6 from the export projects which represents about 29% of the total revenue for the quarter. And on a nine month basis out of total 24 billion of revenues, 17 or approximately 18 billion or 75% of the total revenue is from the domestic project and rest is from the export projects. As Pitamber mentioned in the beginning we have INR 38 billion of backlog, 63% of the backlog is from the private customer, 20% of the backlog from the state utility and rest is from the central utility.



Moving to page #9. As an update on the GOD business. The company had made a disclosure of the revised valuation in the stock auction and subsequently on 12th of January we had a call with the investor on the update related to the GOD business. Subsequent to that, the company's Board of Director on 24th of January approved the sale of GOD business to GE India industrial Private Limited with corresponding assets, manpower and liabilities on a slump sale basis. This is subject to the shareholders approval. The total consideration is 1406 million subject to the adjustments on the completion date as per the terms of the business transfer agreement.

The business transfer agreement has been signed on 31st of January, a postal ballot notice has been issued and the investors can look into the documents of valuation as per the transfers agreement. If they want to get into the details of the valuation before deciding on the voting for this particular slump sale. So, the postal ballot notice was announced on beginning of February, and it will be open till fifth of March and we request all the investors to go through this and vote accordingly for making a rightful decision for this business. So with that update, we will now move to the question-and-answer session.

**Moderator:** Thank you very much, sir. Ladies and gentlemen we will now begin the question-and-answer session. Our first question is from the line of Renu Baid from IIFL. Please go ahead.

**Renu Baid:** My first question is on the gross margin side which is clearly seeing a significant pressures. So can you help us understand that while in the quarter as we see, sequentially there has been growth in export revenues, this gap up in terms of gross margins is it on the recently secured export orders or these will be large the domestic fixed price projects where we have been sitting with gaps and under recoveries due to commodity inflation and what percentage of the backlog is still sitting with these kind of low margin orders, or do we think most of the commodity retail hits are already done in this quarter and thereafter for the next two quarters should we at least expect the gross margins to come back to normalize or they could continue to remain under pressure. That's the first question.

**Sushil Kumar:** So, last financially year we had a gross margin of approximately in the range of 26% to 27% and that's the margin that company generally expects at the time of order booking and as we said, or have been communicating last couple of quarters and we all are aware of the volatile situation and in terms of the commodity prices or an increase supply chain disruptions. This quarter specifically, we had to take an impact of all that in few projects, which are of course in the nature of firm prices versus the customer and supply side cost have gone up because of change in the commodity prices plus the demand and supply situation. Having said that, you're right most of the impact is on the domestic side of the business, not to that extent on the export side of the business. As a process, we continue to make efforts to finalize the rate or the input prices to the best interest of the company, but as and when the rates or negotiations complete, we take the impact in the quarter. So as of now everything that we have been able to finalize and are able to conclude have been considered, but as Pitamber mentioned, the situation dynamic, the supply chain disruptions will continue to impact there has been a sudden change in the demand and supply situation of certain commodities, leading to the increase in the cost price. So, if any



further inflation happens, that may have an impact on the further quarters as of now, whatever the company could finalize or anticipated it has been provided.

**Renu Baid:** So, broadly if the commodity price even if they remain stable at the current level for the next two quarters while we will be completing some of the previously secured fixed price projects, domestic projects, should we expect the gross margins to come back to that 20, 24 whatever those levels or they would be closer to what we have seen in the last quarter close to the 18%, 20% odd levels. So, basically should we expect the next two quarters improvement in gross margins in the current commodity price scenario or probably the headwinds will continue in the near term?

**Sushil Kumar:** As I said that, we work on the long-term project and the way the long term projects are let's say the costing's are done, we take the cost to complete for the entire project as a method of accounting, and as a result, any foreseen loss in the future is embedded into the profitability of the project and equivalent accounting impacts are taken in the quarter. So with your question with regard to the stabilization of commodity prices, if that happen then of course we will not see further impact in the quarter. But if the demand and supply situation continue or we have further increase in the commodity prices, then it may impact to the subsequent quarters.

**Renu Baid:** So basically, can you help us understand what was the quantum of cost to complete provisions that we have booked in the current quarter probably under the RL head, which has depressor gross margins, or it would be or whatever?

**Sushil Kumar:** Broadly, let's say if we compare the 18% gross margin in the quarter and the 26%, 27% in the past, so there's a delta of 8% and more or less entire 8% can be attributable to the commodity and the input price impact. There will be some other factors which will all square off or net off. But this was one significant impact, which is getting charged to the P&L in the current quarter.

**Renu Baid:** Got it. The second question is on inflows. Pretty good to see the inflow or break up the way you have shared in the presentation. But if you see domestic inflows in this particular quarter was barely 100 crores. So coming to the domestic environment have we seen a competitive intensity from some of the other domestic peers who are now back in the market with aggression are they distorting the price levels and making the commercials less viable for GE or how do we look at the order inflow pipeline improving given the fact that Sandeep had mentioned that inflow pipeline is looking to improve. So, should we now start to look inflow momentum to improve or cost competitive pressures in the domestic market could continue to put us on the sidelines?

**Sushil Kumar:** I will request Sandeep to answer but just a small clarification, out of 5 billion orders, 80% of the orders from domestic market and 20% from the export market. So, 1 billion was from export.

**Renu Baid:** Okay, probably my bad.





**Sandeep Zanzaria:** Thanks Sushil. So basically, really one thing is there that because of the muted market for last about nine months, especially in the substation space, there is a lot of capacity which is available in the market. And not only on the product manufacturing, but also in terms of EPC, which is there. So, the price pressure will continue, there is no doubt about that and as I said that, in fact now in TBCB projects we are seeing for example in Rajgarh, there are 10 developers who have started and the way the developers are now putting the pressure in terms of winning those bids, the pressure of price is now getting transmitted from those developers to the EPC player, and accordingly to the product manufacturer. So the price pressure will definitely remain, but the good thing will be that at least when you have a bad market and then price pressure compared to that if you have a better market and price pressure, So, I will always choose the second option. And probably going forward, you will see the second option which will be coming into play where we will have a better market, the price pressures will continue to remain.

**Renu Baid:** Got it. So, that should improve growth prospect. And lastly, if you can help us understand Pitamber did mention the company is looking at innovative ways to face the current market challenges. So if you can help us understand what are these innovative ways, either on the commercial side or the order flow side in terms of opportunities, when we're looking to ramp up the business portfolio size and scale. Thank you.

**Sandeep Zanzaria:** By innovative ways what Pitamber meant was, that of course how to address into the market, so maybe a different commercial strategy. So that could be one thing, which we are looking forward to. And second, for example, Deepak explained that there is a lot of digital play, which is expected to happen in terms of government coming up with a lot of automation investment in the distribution side. So that is also going to create a good amount of market for the company to play in that space.

**Moderator:** Thank you. Our next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

**Bhavin Vithlani:** Just continuing on the previous participants question on the gross margins. In the previous earnings call second quarter, it was highlighted that 28% to 30% is a sustainable gross margins that one can expect do you see that in the next quarter or two, or that now looks like slightly difficult given the underlying situation on the competitive side is playing off?

**Sushil Kumar:** Bhavin if the question is on the order side, we will answer in two pieces, one on the commercial side which Sandeep will answer. Second is on the execution side with the margins that we have or the backlog we have in hand. So, on the backlog we have in hand, wherever the commodity prices, impact are known, have been booked in the P&L. Generally, in the last call we said average 26%, 27% but as an NBFC player what we do that after booking the order at those level we try to expand the margins by a couple of percentage points, but given us significant and sudden change in the market dynamics, that increase of course is not feasible, but on the other side, we have a significant hit of the commodity prices because of the order backlog, a significant part of the order backlog being on the firm prices. Where we have tried, we have approached to



the customer to ask for the compensation for the significant change in the market dynamics however, we have not been successful. So, as discussed in the earlier question, if the commodity prices stay at the current level or the input prices do not change further, because of the demand and supply situation, we should gradually grow back to the level of 24%, 26% in the next couple of quarters. And then our endeavor will be to first sustain this level of 26%, 27% and try if we can improve further. I will request Sandeep to also answer the dynamics on the order booking side.

**Sandeep Zanzaria:** So, Bhavin on the order side or on the commercial side, as I explained it to Renu. For certain products, we will see some pressure which will be coming and for some products we will see the bid on a much better prices for example, when I take the examples of transformer reactors, today the demand is quite high and the installed capacities probably would be just equal or slightly lower than the expected demand. And today with renewable projects the expectation of commissioning is also much faster so delivery cycles are also much faster. So, in both cases, we will definitely have a better price realization that is there. But of course in such high capital intensive transformer reactors, you don't get such high level of gross margins as well. With Chinese going out of the market, due to the Make in India restrictions that has also helped in GIS and grid automation. But on that side what we had seen was that the market was muted, but now once the market will pick up and we will see some large projects now coming up in renewable evacuations in Khavda, et cetera or the other places in Rajasthan and Gujarat. In those sides also there should be a better price realization which will come but after EPC side and for the air insulated breaker side the pressure on the margins will continue to remain. I hope I have been able to answer your question.

**Bhavin Vithlani:** Yes, that helps. The other question is on the beginning of the financial year, you're taking special approval for the related party where you were expecting the HVDC projects any update on that will be useful.

**Sandeep Zanzaria:** So Bhavin the update on HVDC project is that, the Adani's have actually are moving ahead, but we have seen that there is some news which has come that Tata Power has challenged in the court. So that is still ongoing and we expect that the decision on that project to come probably in the next quarter.

**Bhavin Vithlani:** Okay. And any update on the other HVDC projects now that power grid has been given the Leh-Ladakh on a?

**Sandeep Zanzaria:** The Leh-Ladakh project has been awarded to power grid on the RTM basis. And power grid has just started the initial discussions with the participants but probably looking into Leh-Ladakh, The size of the project, the complexity of the project that will take, my assessment is minimum three quarters for it to get decided.

**Bhavin Vithlani:** Any color on how large could be the addressable opportunity for GE T&D in that 27,000 crore project, because there is some amount of storage also?



**Sandeep Zanzaria:** So, I will only put it that way that, my assessment on the overall project would be close to about more than a billion dollars. But then it will also depend that how we decided to approach the market to consortium, then we will have to see and then there will be certain offshore scope which will also be required in terms of supply of valves, control et cetera. So, the overall opportunity will be more than a billion dollar, but how much will it be actually coming for GE T&D it is too early to be forecasted.

**Bhavin Vithlani:** Sure. And just last question from my side, could you just talk about the export opportunity, because we are seeing some amount of export green shoots, but they are small and largely from the SAARC, so on a slightly longer-term basis, maybe a year or two, how do you see the exports panning out because in the previous earnings call it was highlighted there are a few products where there could be sole source these from India?

**Sandeep Zanzaria:** I will not put it as sole source from India. But, we have got certain further allocations of country from there. And also not only the allocation, but of course, it also requires the acceptability of the end customers also from when they are ready to buy from the Indian factories. So that's a constant exercise, I would put it as Bhavin that looking into the cost structure of India, the globally that exercise that the local people were based there, they keep on trying to push for the acceptability of Indian factories. And whenever we get it we will use the local factories from the Indian factory.

**Bhavin Vithlani:** Sure. So, not just putting a percentage of sales, but can we expect that maybe the exports would be to the tune of a couple of \$100 million in a couple of years. Given the effort that you're taking, would that be like an outlandish number or probably an achievable number according to you?

**Sandeep Zanzaria:** So, I would not put a number as of today Bhavin.

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

**Renu Baid:** If you can also highlight that is why we have highlighted some of our digital capabilities and offerings on grid automation side, how are we seeing the project prospect list in the domestic market and the neighboring countries with higher grid integration coming into the picture over the next two years. So, how should we look at the order opportunities and prospects for the next two years for this segment of the market?

**Sushil Kumar:** So, Renu we have a infrastructure today in the country out of that there is a certain part of the infrastructure which is quite, I would say quite aged as well. So, of course then in some areas, we have seen that now the customers are really working towards improving that or going for the refurbishment of those aged infrastructure which is there but when we really look at the overall for example the overall portfolio level, what's happening actually is that in the transmission side whatever new projects are coming, the grid automation is coming with that, but we expect a major investment to come as Deepak explained on the distribution side, but till the time he doesn't come up. Because once we have to lay that ADMS systems and things like that, even



the field equipment needs to become smarter so that these signals, et cetera get captured at the dispatch centers or the ADMS centers, et cetera. So what's happening till the time those investment don't come in, we will not see an explosion in the opportunities of grid automation, it will remain as a consistent market.

**Renu Baid:** Right. Because if you look the state level grid is significantly under invested on the technology side. And now with distribution reforms around the corner state signing up, to invest to reduce losses and improve efficiencies that should actually technically be a significantly large opportunity for us over the next two to four years?

**Sushil Kumar:** So, that's what I said Renu, till the time that investment it doesn't come, we will not see an explosion in the opportunity of grid automation, the market will remain consistent. But once we see that type of CAPEX coming into the grid automation side or putting the ADLS into various for example, cities and circles, et cetera then yes, the grid automation market will expect a phenomenal growth.

**Renu Baid:** And just one small question, while the market outlook is now improving in terms of prospects, et cetera. Overall inflows have still been soft for us YTD. So, any thoughts from the group as well as from the company or ways to look to reduce the overall cost structure of the business and make it slightly more lean to adjust for these kind of cyclicalities in terms of the business opportunities and the size of the group. So anything that we're doing to further cut down the fixed cost or you think the opportunities could be limited on that side?

**Sushil Kumar:** Yes, we are taking actions to reduce the fixed cost. And as well as, as we have talked in the earlier presentations, there are actions for taking lean manufacturing actions to improve the product cost as well.

**Renu Baid:** Okay. Any particular initiatives which you would like to highlight?

**Sushil Kumar:** Not at present till the time they are decided, but all opportunities are being explored to reduce the cost.

**Moderator:** Thank you. Our next question is from the line of Dilip Jain from Ayush Capital. Please go ahead.

**Dilip Jain:** My first question, for the Adani, Mumbai HVDC project which you just discussed, I believe the total project is about 7000 to 8000 crores. So, how much of this opportunity will GE, will our company address. And when we have predicted for that, do we have a raw material escalation clause in our bidding. My second question sir is, there was a reversal of 59 crores access provisioning, that has significantly lowered other expenses in the results just announced. Any more room to further lower other expenses going forward in this head or in other heads in terms of going leaner like we discussed. And sir my last question is, we have discussed a lot about the gross margin problem that we are facing, what percentage of our current order book is without raw material escalation clause at present. Thank you sir, I look forward to the answers.



**Sandeep Zanzaria:** So, first I will answer for the Adani part and then probably Sushil will take over. Out of 7000 crores, because we are actively discussing it with Adani it will be very difficult for us in an open call to explain on the commercial strategy and the numbers, et cetera. So, probably we will not be able to answer that question in the call. But what will be the scope for GE T&D and what will be the value and whether it is protected by the escalation of material, et cetera because that's part of the discussion which is sensitive in nature. So, I hope you understand that. So, Suhil for balance things.

**Sushil Kumar:** Yes. So, on the other expenses on an average on a full year basis we have about 400 crore of other expenses, which means average 100 crores per quarter and that's the trend we have been communicating in last couple of quarter call as well. Yes, there are actions which we are seeing to reduce the overall structure cost and also at present, we are taking actions as you see on the reduction of debt. Debt reduction happens that also helps us in bringing down the financing costs. In addition, the major component and the problem that we saw in the quarter is related to gross margin. So, lean manufacturing and cost out of the product is one of the significant action that the company is planning to take. On the third question, I do not have immediately the breakup of the fixed price and variable price contracts, probably we can share that in the next update.

**Dilip Jain:** Okay. Going back to my first question sir, of the 8000 crore project, like how much can GE address, I'm not asking the details of the cost that you have put in, but how much of that like if half the project addressable by GE or like one fourth or the entire that's what I wanted to know.

**Sandeep Zanzaria:** Okay, I understand your question. So, basically, when the project cost is considered, when that considers even the cost of land, the cost of substation transmission line, cable, financing cost, other overhead expenses. So, our scope for that will be less than 50% of the overall contract price.

**Dilip Jain:** Okay. And in the second question sir, for the other expenses. Is there a quantum that you could put going forward, because this is excellent what you have done you have reversed a 60 crores of excess provisioning it took care of a lot of the hit that we got on the gross margin side, is there any quantum like any ballpark quantum that you could put to how much more we could go leaner on the other expenses?

**Sandeep Zanzaria:** So, like I said at present it is difficult because those actions are in progress. So, giving a direction without action being finalized will not be the right communication. So, give us some time we are taking actions to reduce the cost consistency and we will probably get more update as and when things firm up in nature.

**Dilip Jain:** Okay. We could definitely expect positive surprises going forward?

**Sandeep Zanzaria:** But on one piece, I can say yes you can see the cash in that position, last couple of years we started communication on the improvement and focus on the cash generation. At that point of



time the debt was in the range of 500 crore, stocked out being debt free, in this quarter we are say around 24 crore net debt, which has helped us to bring down the cost to the extent of 25 to 30 crore if I'm remembering all the numbers correctly in a financial year. So, we had about 75 to 80 crore of financing cost two years ago which has now come down to less than 50 crore or in that range. So, that is a continuous effort that we are making. Having said that, yes this is a long cycle project, they will be couple of quarters where the working capital will increase depending on the projects need and so on. And we'll try to bring it down further so, directionally we are taking action, which is helping us in reducing cost of financing and becoming or moving towards debt free. There have been actions in the last few years on the other expense, where we have communicated that we saved a significant part of the other expenses, which is already baked in the numbers. Give us some time for rest of them improvements being made.

**Dilip Jain:** Sure. And for the last part of the question sir, the future orders that we will be taking, do we have the pricing power to take orders which are ultimately going to be more comfortable than the current situation, my whole idea of asking you was that.

**Sandeep Zanzaria:** See, that is the endeavor that selectivity and trying to ensure that we take the orders with better terms and conditions and better margin.

**Dilip Jain:** Okay. So, do we see the order book moving towards the private entities more so I believe currently 53% is private entities do we see that moving to say 80% over the next two years?

**Sandeep Zanzaria:** So, today the TBCB what we are seeing that most of the bids are being won by the private entities only for example, the Sterlite's and Adani's of the world. So, automatically the whole market is shifting towards the private sector. And now that government also coming up that states also they are encouraging the local governments to go for TBCB, even the state market to a great extent will shift towards the private sector or in case if power grid will then power grid. So, this is the reason that the ratio of private would be more in the coming times.

**Dilip Jain:** Okay. So, should this help us going forward to maintain our gross margins, this very shift of trend that you've been talking about from government to private to us, should that help us get back to 26%, 28% in the next, say three or four quarters on gross margin levels?

**Sandeep Zanzaria:** That will also depend upon the competitive pressures, et cetera. So, it's something which is very difficult to predict at this point of time.

**Dilip Jain:** Okay. So, I believe with the kind of work we do, we just have Hitachi as one of our biggest rivals or do you feel the field is getting more competitive as we proceed day by day?

**Sandeep Zanzaria:** No, we have multiple competition scenario that for example, Hitachi is there, then we Siemens also is competition, we have Toshiba also as competition. So we have other manufacturers also who are there as competition for example, in few space like transformers we have other players also on the EPC side, then we have L&T, KEC, Kalpataru Techno also as competition.



- Dilip Jain:** Okay. So anyways, in which we differentiate us from the rivals, because I've heard that GEs technology is probably the best in the world.
- Sandeep Zanzaria:** So, I would say that, the only place where we differentiate is that we have practically the complete bouquet of products available with us, that is the different impact of what we have, but otherwise technology wise the acceptability of technology which is there is that everybody is manufacturing today in India, the technology is acceptable.
- Moderator:** Thank you. Our next question is from line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.
- Bhavin Vithlani:** In the budget speech and there was a mention about excluding the exemption specifically there was a mention about high voltage power transmission and a few products, probably could you help us with this, would it help us in terms of our competitive forms something imports that we would have like from Chinese, et cetera?
- Sandeep Zanzaria:** I'm not able to capture your question, Bhavin. Ultimately what we see is that, because of the various regulations of the government which have come in, already the finished products which were directly coming from the neighboring country, or the land sharing border country are already not acceptable into the grid. So we don't see any change at least happening on that area.
- Moderator:** We will take our next question that's from the line of Laksh Jain, an Individual Investor. Please go ahead.
- Laksh Jain:** Our current order book is of 3800 crore approximately and our yearly revenue in the worst of times of FY, taking FY21 it is 3500 crore. In the media report it says that 3800 crore of order book provides a revenue which is between 18 to 24 months. Why has there been so much increase in the duration from within this order book?
- Sushil Kumar:** So, generally there are orders which are booked during the year and also executed during the year, specifically also on the export side. So that is the reason where this 38 billion order provides a base level for a couple of years and then we win more order and execute for the couple of years.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the floor back to Mr. Suneel Mishra for closing comments. Over to you sir.
- Suneel Mishra:** Thank you Inba. And thank you everyone for your participation. We conclude today's conference call of GE T&D India Limited. In case if you have any other questions then please feel free to contact me or Mr. Anshul Madaan on the email ID. So thanks once again. With this we close.



*GE T&D India Limited  
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**Moderator:**

Thank you members of the management. Ladies and gentlemen on behalf of GE T&D India Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines.