



GE T&D India Limited

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May 30, 2022

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
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 May 23, 2022**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on May 23, 2022 in respect of financial results for the financial year ended on March 31, 2022 (Audited) and for the quarter ended on that date.

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/ARE0220220523141371.mp3>

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 Q4 & FY22 Earnings Conference Call”

May 23, 2022



**MANAGEMENT: MR. PITAMBER SHIVNANI – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER
MR. SUSHIL KUMAR – CHIEF FINANCE OFFICER &
WHOLE-TIME DIRECTOR
MR. SANDEEP ZANZARIA – COMMERCIAL LEADER
MR. ANSHUL MADAAN – COMMUNICATION LEADER
MR. MANOJ PRASAD SINGH – COMPANY SECRETARY
MR. SUNEEL MISHRA – HEAD INVESTOR RELATIONS
MR. ANTONY MARIASUNDARAM- PROJECTS BUSINESS
LEADER**



*GE T&D India Limited
May 23, 2022*

Moderator: Ladies and gentlemen, good day, and welcome to the GE T&D India Limited Fourth Quarter Ended 31st March 2022 for the Financial Year 2021-'22 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 “*” and then “0” 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. Good day to all of you. Welcome to today's Conference Call with the GE T&D India Limited Management Team. This conference call has been organized to present and discuss Audited Financial Results for the Fourth Quarter and 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. We have with us Mr. Sushil Kumar – CFO cum Whole-Time Director. We have with us Mr. Sandeep Zanzaria, who is our Commercial Leader. We have with us Mr. Mariasundaram Antony who is the Projects Business Leader. We have Mr. Manoj Prasad Singh who is the Company Secretary. And we have with us Mr. Anshul Madaan, who is our Communications Leader.

Please note that this conference call is scheduled up to 5:30 p.m. I hope you would have received the analyst presentation and the same has been uploaded on our website. I hope you have also read the disclaimer as per Slide #2.

I would now request Mr. Pitamber Shivnani to begin this Conference Call, highlighting key events of the quarter and the year. Thereafter, Mr. Maria updating us on operations. Then Mr. Sandeep Zanzaria will take us through the order book and the T&D grid market. Lastly, Mr. Sushil Kumar will present the financials.

I now invite Mr. Shivnani to begin the conference with his opening words. So, over to Mr. Shivnani.

Pitamber Shivnani: Thank you, Suneel. Ladies and gentlemen, good afternoon. Thanks to everyone for joining us today. We hope you and your families are healthy and safe. 2021 wasn't an easy year for us, majorly because of two reasons. First, the continued impact of COVID-19; and second, its contribution to supply chain disruption and commodity inflation. Just when we thought the pandemic was behind us, the second wave of COVID hit us hard in 2021. However, even during these turbulent times, our teams kept on delivering and for that I would like to thank our employees who have been tirelessly delivering for our customers and have been supporting them through their greatest challenges. I continue to be grateful to their extraordinary commitments.

Before we share the Company's update with you, I would like to take this opportunity to welcome Johan Bindele, who has been appointed as a Director to the Board of GE T&D Limited with effect from 1st of June 2022. He has filled the casual vacancy caused due to resignation of



*GE T&D India Limited
May 23, 2022*

Rajendra Iyer. Johan has more than 25 years of experience in energy industry, which includes leading large projects in India, Nepal, Sudan, Switzerland and the U.S. In his current role at GE, at Johan leads grid integration and AC system teams at GE's grid solution and manages a global team of 2,000 employees, spread across over 50 countries.

Coming back to the Company's update. During the year, we contributed to demonstrate our operational excellence by commissioning 21 AIS and GIS substation, strengthening the nation's transmission network and adding new capacity into the grid. This includes commissioning of 765 kV gas-insulated substation for PGCIL at Phagi in Rajasthan. This project is a major milestone for the Company given the complexities related to current and weather involved. We have Maria, our ACS leader, with us today. He will share further project updates with you.

After the slow start to the financial year '21-'22, when the opportunities started to uphold in the market, the competition was brutally intensified, pushing many companies to pick orders on a low margin. However, we continue to stay selective in order booking and kept our focus on long-term profitability.

On financial front, our overall performance was primarily impacted due to a steep increase in commodity prices but we stayed focused on cash and reduced borrowings. Sandeep and Sushil will cover the orders and financials in detail shortly.

Lean continues to drive culture change in the Company. We are continuously working to reduce our cost wherever possible. Our teams are acting with humility and leading with transparency and delivering with focus at every turn and are doing their best to deliver favorable results.

GE T&D continues to play a critical role in solving for the challenges related to affordable, reliable and sustainable energy to meet India's energy increasing demand, which is expected to double over the next 20 years and support customers in achieving their net zero emission. This includes breakthrough automation technologies as well as equipment and software that builds a more efficient and resilient grid. As a leader in innovation of modern grid solutions, we will continue to work closely with the government and our customers to implement solutions that will help India accelerate in its energy transition journey.

This week, we are participating in Distribuelec 2022 organized by IEEMA in Bangalore from 25 to 27 May. You can follow the updates on the companies as well as IEEMA's social media handles. As of March 2022, we have an order backlog of over Rs. 27.2 billion.

With that, I will request Maria to provide further insight on the operations during the quarter. Over to you, Maria.

Mariasundaram Antony: Thank you. Thank you, Pitamber. Good evening, ladies and gentlemen. It is my pleasure to really walk you through the operations in terms of the commissioning, which we did during the quarter.



And we continue to make strides in terms of delivering on the evacuation infrastructure, which is critical for our customers.

I would like to walk you through some of the major critical commissioning, which we did during the quarter. And I will kind of walk you through across the different regions within the country as well as within the South Asia region.

So, talking about North, North region, I think we commissioned HPPTCL, Himachal Pradesh, Hatkoti I think, which was commissioning of our 220 kV GIS base in Hatkoti. We have had significant engagement with HPPTCL, and this is definitely one of the continued progress in that area. Second, I would say on the North, another region, which was HMEL, Bathinda. I think HMEL, Bathinda, we commissioned 400 kV 12 GIS base along with the transformers. This is also another important, I think, referenced milestone for us in terms of delivering for our oil and gas customers in the region. And then we also, on the north, additionally, we also commissioned Adani, Mohindergarh substation in Haryana where we actually did the commissioning of the Dhanoda Line 1 GIS Bay and Line 2 AIS Bay for 400 kV series reactor business. This is an important technology. And definitely, GE is very proud to be playing an important role in this technology for our substations in the country.

With respect to the East region, we commissioned 3 substations in the East, WBSETCL, West Bengal, Manbazar, where we did the full commissioning of the 132 kV, 6 GIS bays and 33 kV 15 GIS bays along with transformers. We also commissioned in Odisha, Hirakud substation commissioning where we commissioned 132 kV GIS bays and 33 kV GIS bays, along with transformers.

And then definitely, our continued progress in Bhutan continues to be there. We actually commissioned the BPC Samcholing Phase 1, charging of our transformers along with the distribution panel. So, definitely, we continue to make progress in Bhutan with respect to our execution there. Specifically on West region, we had one major substation GETCO for our customers in Gujarat, GETCO Shapar, very big substation where we commissioned our 400 kV 12 bays of GIS and 220 kV 15 GIS bays. And then on the South, we had done the Tuticorin, Power Grid Corporation Limited Tuticorin substation, commissioning of the Tuticorin substation where we had 400 kV 2 bays as well as 220 kV 2 GIS bays extension.

So, we continue to make progress, I think, in terms of delivering on the energy transition for the region by setting up the critical evacuation infrastructure for our customers, and it was definitely a busy quarter for us in that respect.

With that, I hand it over to Sandeep to walk through the order journey for GE T&D India Limited. Over to you, Sandeep.

Sandeep Zanzaria:

Thanks, Maria. And if you look at the order book side, it was comparatively a muted quarter and the overall year was down by about 5% as compared to 2021. The TBCB opportunities, which



were there as kind of very few got materialized during the quarter, and we have been able to take some of them. Otherwise, the pipeline has primarily getting shifted, and we expect now the next year to be a very heavy TBCB year. So, the market looks to be much better. But if you really look at last year, the lower market comparatively and the price pressures and cost challenges. As Pitamber said that we decided to go for selective orders only. So, the quarter, we were down by about 10% quarter-to-quarter. And for the year, we were down by about 5%.

The major achievements were from ReNew, they have done 2 TBCB projects. So, this is the second project, which we have taken from them for constructing the Gadag Substation. And of course, on GIS side, strengthening our position in Gujarat, we have taken the 400 kV and 3 substations of 245 kV from SMS. So, that's strengthening our position in terms of installed base in Gujarat. And from KPTCL, we took the automation package of LDB relayed across the various substations to supply and retrofitting the automation in the existing substations.

ADMS Control Centers, so Tata's as you know that have acquired the Odisha DISCOM and now they're going for modernization. So, the ADMS Control Center for the Odisha DISCOM has been won by GE T&D India and the RTN Telecom equipment packages for Manipur has also been won by us. And apart from that, we have won multiple export orders to the tune of Rs. 125 crore or 1,241 MINR. So, I now hand over to Sushil for the financial updates.

Sushil Kumar:

Thanks, Sandeep. Moving to financials on Page 6 of the presentation. Our Results for the quarter are quite subdued. So, the year and the quarter was quite challenging.

In terms of revenue, we did about Rs. 662 crore of revenue compared to Rs. 904 crore in the last year same quarter. This was mainly due to the phasing of the project and lower backlog in hand. Similarly, on a 12-month basis, we did a revenue of Rs. 3,066 crore, which was 11% lower than Rs. 3,452 crore that we had in the last year.

In terms of profit before tax and exceptional items, the quarter number was a loss of Rs. 145 crore compared to a profit of Rs. 49 crore in the last year. And on an annual basis, we had Rs. 180 crore of loss before exceptional items compared to Rs. 85 crore of gain in the corresponding last year. Including the exceptional item, we had a loss of Rs. 35 crore compared to a profit of Rs. 27 crore in the quarter 4, whereas for the full year basis, we had a loss of about Rs. 70 crore compared to Rs. 89 crore of profit in the last year.

During the year, we have further consolidated and improved our financial liquidity. We generated about Rs. 80 crore of net cash, which helped us in the reduction of net debt by Rs. 80 crore. So, end of the year 2022, we had a net debt of about Rs. 81 crore.

Moving to Page #7 of the presentation. This is a detail about the split of orders and revenue and backlog as now we have started presenting in every quarterly update. So, during the quarter, we booked about Rs. 550 crore of orders, of which Rs. 124 crore of orders from export market. And about Rs. 425 crore of orders from the domestic market. Whereas on a financial year basis, we



booked about Rs. 2,166 crore of orders, of which Rs. 700 crore were export orders, representing 32% and the balance, 68% of orders were from domestic markets.

On the revenue front, on the quarter, we had Rs. 663 crore of revenue, of which 32% was from export and 68% of the revenue from the domestic market. Revenue on a full year financial year basis, the export revenue came at around 27%, that is Rs. 819 crore and rest 73% of the Rs. 3066 crore of revenue was from the domestic market. End of the financial year, we have a backlog of Rs. 37 billion, of which 61% is from the private segment customers, about 18% of the backlog represents Rs. 661 crore is from the Central Utilities and Public sector undertaking. On the balance, about 21% is from the state utilities.

So, with these financial updates, we will now open up for the questions.

Moderator: We will now begin the question and answer session. We have the first question from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: So, my first question is on the gross margins, wherein we saw an all-time low of about 14% raw material to sales increase to 86%. Like we highlighted in the third quarter, there were some one-off provisions, which we took in terms of loss orders of 7% of revenues. Was there something of similar sort in this quarter because of the increase in the commodity prices?

Sushil Kumar: Yes, Bhavin. Unfortunately, the commodity prices moved further up during the quarter. And this quarter also, we have 2 significant items in the gross margin, which basically brought the gross margin to a lower level of 14%. The first one being the commodity price increase. Overall, we had about Rs. 34 crore to Rs. 35 crore of further commodity price impact. And the second being, during the quarter for one of the contracts, we had to re-ascertain the cost to complete due to the change in the technical and other requirements of the project. And that had about Rs. 55 crore of impact in the P&L for the quarter. So, these are the 2 major exceptional or maybe we can say significant charge for the quarter that we had. On the commodity prices, last couple of days, there have been announcements by the government, the one being on the GST; the second being the export of the commodities. So, we hope that with these, the commodity prices will either stabilize or will soften up in the subsequent quarters.

Bhavin Vithlani: So, had this impact not been there, what would have been our gross margins in the quarter?

Sushil Kumar: So, these 2 items that I mentioned are about roughly Rs. 90 crore. And there may be another, let's say, Rs. 15 crore, Rs. 20 crore of other impacts on various businesses. So, we had about more than Rs. 100 crore of impact during the quarter on various projects, mainly these 2 reasons and few other reasons. Rs. 100 crore, let's say, broadly I take on a revenue of Rs. 662 crore, it is 15% as a hit on the gross margin. Excluding these items and the charges during the quarter, our gross profit would have been in the range of 29% to 30%.



Bhavin Vithlani: Could we expect that this trend of 29% to 30% would then commence from the next quarter onwards assuming commodity prices remain where it is today.

Sushil Kumar: As we have been communicating in all the previous calls and today also, generally when we take an order, Sandeep talked about selectivity. We are not very aggressive in taking orders at any terms and conditions because over the last couple of years, we have seen these terms and conditions not being favourable to the supplier or to our Company impacting the profitability significantly. So, we have been selective and while remaining selective, we target about 29% to 30% as a gross margin, maybe I will take a higher range of 27% to 30% as the gross margin at the time of booking the order. If the commodity prices remain same and the other challenges in a couple of projects that I talked about, they do not happen or let's say broadly the margin variations do not happen because of unforeseen circumstances, the orders that we take, we aim at delivering at 27% to 30% margin range.

Bhavin Vithlani: The other question is on the outlook for the orders. Now, this is the second year in a row where order flows have actually been lower and in the opening remarks, Sandeep mentioned about this year could be a better year in terms of bunching up of orders for TBCB. If you could just give us what is it that you see in fiscal year 2023 in terms of the total market opportunity and what was the total market opportunity in fiscal 2022 because previous year you mentioned it was about Rs. 16,000 crores. So, what was the total market opportunity in 2022 and what do you expect it to be in 2023 and there were a couple of large HVDC orders also anticipated in our earlier communications. So, where are these projects currently?

Sandeep Zanzaria: First of all, with respect to the market conditions, we expect as compared to 2022-2023, at least about 15% the market would be more. This is our assumption because of looking into the list of TBCB pipeline. Today, for example, Khavda, which has emerged as one of the hotbed of renewable projects. So, there in TBCB, you have multiple projects and apart from not only the transmission site, even the developers who are going to put the projects there whether to GIPCL, GSEC or Adani or NTPC, these customers also would be coming out with the evacuation substations of their renewable plant and being looking into the large capacity of the plant, the evacuation substations will also require 400 KV evacuation and if you really look at the environmental conditions, everything is going to come in the form of GIS so there will be no AIS. This year, we are also expecting shortly the resolution of the GIB issues also, so the TBCB pipeline, which is already in place for Rajasthan project would also start undergoing through the reverse auction and then will also be available for the developer and accordingly the EPC players and the manufacturers as well. Also, for the HVDC project, the final bidding for the Mumbai project has happened. The final bids have been submitted. The results have not yet been declared because it is still under final evaluation and the government as you know, there is an engagement by Power Grid for the Leh-Ladakh project with the various bidders of HVDC, but Leh/Ladakh is not going to be like 2022-23, but it will be more like 2023-24 project because normally a project of that size, after the tender will come, will take minimum 8 to 9 months for it to get decided. So I think for this year, Mumbai HVDC is going to be a project and for the next year, we expect Leh/Ladakh to be there.



Bhavin Vithlani: What was the total market ordering pie in fiscal year 2022. In 2021, you mentioned it was roughly Rs. 16,000 crores or maybe you can correct the number, if I am mistaken.

Sandeep Zanzaria: So, it was Rs. 16,000 crores only and for example when you really look at 2021-22, you are looking at a pipeline of close to about Rs. 18,000 crores or similar to that.

Moderator: Thank you. We have the next question from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi: Just a couple of questions. Just taking cues from the ordering in the green energy corridor, what is the opportunity like under the RDSS scheme because recently around 6 to 7 states have signed up for the scheme. So if you can throw some light on that and the second question was more on within our order book, so how much are the older contracts, which need to be realigned in terms of the cost increases and if most are done already?

Sushil Kumar: As a part of our accounting policies, all the costs up to the date of close of the quarter are considered as per the accounting guidelines, which means that the commodity prices increase or any such technical requirement or other costing update requirement of any contract, as known and visible up to the date of 31st March have been accounted already. What we do not know that can impact is any further risks and opportunities that come our way, which may be dependent on internal and most external factors. However, as I said in the earlier question to Bhavin, given that government is taking various action to control inflation and control the significant impact of the commodity prices on various sectors of the economy, which was represented by the positive move in terms of interest rate, GST and other export related restrictions, we hope that now the prices should stabilize and hopefully there should not be such a significant impact in the future quarters. However, that is our expectation and anticipation, but given that there is a lot of geopolitical and other uncertainties in the last couple of years, which were beyond the imagination of any organization, if any uncertainty or any such thing comes in the future, that can impact the backlog, but as of now, 31st March, all the known charges have been taken as per the accounting policy and guidelines.

Sandeep Zanzaria: So, Rahul, I think you're talking about RDSS scheme, so yes we know that 6 to 7 states have signed up, but our expectation is that in this year, which is 2022-23, probably we expect a decision making by 2 or maximum 3 stage because the process of identifying the opportunity then making the DPR, making the specifications floating and then finalizing. So, normally when you start a process, once for example 2 to 3 orders will get finalized, then the process of specification, formation, etc. will get more streamlined. So, the initial pain to come out with a tender and assessment and placing the order is higher. So, we expect about 2 to 3 orders to be placed under RDSS scheme for the year and that will also be to the later part of the year and we expect the decision-making pipeline somewhere between Rs. 300 to 500 crores for the RDSS.

Moderator: Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.



Sujit Jain: You explained the lower gross margins, but what explains the jump in other expenses from Rs. 107 crores in the base quarter that is YoY versus Rs. 161 in the March 2022 quarter?

Sushil Kumar: The other expenses also had few one-off items. I'll cover them now. So, the first big one was about Rs. 180 million of increase in the VAT reserve that we created for the old litigations. The second item which had a charge in this quarter was Rs. 75 million penalty paid to one of our landlords for early termination of lease. So, this is in line with our objective to reduce the future cost where we are trying to reduce the office space. The third big item is the bad debt provision of about Rs. 140 million during the quarter mainly on account of ECL charge expected credit loss. The fourth item is actually a re-class, meaning as it's the end of the year, about Rs. 150 million of forex gain broadly has been reclassified to the other income that's why it represents a charge in the quarter, but it's not actually a real charge during the quarter and the last being the re-assessment of the warranty cost of about Rs. 10 crores. So, if I sum up all the 5 items that I explained, VAT reserve, the termination or penalty for the lease breakage, bad debt, forex and warranty cost, all this sum up at around Rs. 650 million of one-time or specific charges during the quarter. As we have been communicating in earlier quarter calls, the annual number of Rs. 390 crores is a more representative number. We have been communicating about Rs. 100 crores per quarter being the other expense and that's the number where we see to be the expense per quarter going forward, something around that Rs. 400 crores annually.

Sujit Jain: Sorry, I didn't get that number, you are saying Rs. 40 crores per quarter?

Sushil Kumar: Rs. 100 crores per quarter and Rs. 400 crores on an annual basis. So, if you look at the full financial year, other expenses Rs. 390 crores that is a more representative number than just the number of quarter 4, which was impacted by Rs. 65 crores of one-time reserve for exceptional charges.

Sujit Jain: Basically what you told us is that up to March end and you have been telling us every quarter whatever it is there according to you, you would have taken it in the P&L but is the P&L clean-up finally done for GE T&D like you have done a good job on balance sheet, are all the legacy costs where you see there would have been some trouble in terms of bidding, higher commodity cost, provisioning, warranty provisioning, all those issues, have they been taken out through P&L?

Sushil Kumar: The accounting policies and guidance required is to be trued up basis the availability.

Sujit Jain: I am not asking you about the accounting policy, that is understood. I am saying you have a view of your order book. There would be some legacy orders there, which is clearly evident from the regular P&L cost that you are taking, is everything done in terms of that clean-up?

Sushil Kumar: Yes, I was actually trying to answer the same thing. If you look at the commodity price graph, every quarter, there has been an increase. The commodities have gone up even in the last quarter starting January to March and even further up to May, the reason being that Russia-Ukraine war



led to a significant increase in some of the processed commodities. So, even if you see in some of the commodities, there was a base metal price increase, but when it comes to the processed commodities, the specific commodities being used by the Company, there it has been a specific increase and also there was a significant increase in the oil prices. Having said that, every business at any point of time has risks and opportunities and given the assessment of the risks, all the known risks, which could impact as per accounting policy have been provided up to March 31st.

Pitamber Shivnani: Like you see, you take the example of CRGO which is used in transformer, the price doesn't come out in the commodity prices like copper and aluminium, but the way the CRGO price has increased last year and this calendar year first quarter is abnormally high. So, what Sushil is telling, as on 31st March, complete order backlog is corrected.

Sujit Jain: That will get captured in gross profit margins and the line above that, but what happens in other expenses every quarter needs some explanation in terms of what is happening with your legacy order book?

Sushil Kumar: I tried to explain the charges in the one-off items in the other expense to the extent of Rs. 65 crores and as I said full year number of Rs. 390 crores is more representative because every quarter when the other expense, which have been moving positive or negative during the quarter, we always have communicated that Rs. 100 crores per quarter, Rs. 400 crores annually is a more representative number from the projection or annual P&L point of view. So, I will say that let's for the time being not consider this as a run rate, but consider Rs. 400 crores as a run rate for GE T&D.

Sujit Jain: And what is the potential size that can come if one were to be successful in the Mumbai HVDC project and similar is the question even for Leh/Ladakh.

Pitamber Shivnani: Mumbai HVDC project, it is under evaluation. So, we cannot talk about it actually because we have bid, the results are not out yet.

Sujit Jain: And potential opportunity in Leh/Ladakh?

Pitamber Shivnani: Leh/Ladakh will be a large bid. It will be basically lines plus HVDC terminal and all. So I think HVDC terminal may be in the range of \$1 billion to \$1.3 billion or so complete project actually. So, including the part of the line, but basically HVDC terminal will be in that range.

Sushil Kumar: Just a small add on. As GE T&D, we do not have the entire technology. So, generally for these projects, we partner with our counterpart in UK or other entities across the globe. So, the \$1.3 billion opportunity that Pitamber talked about will be shared between our entity and the global entity because we will have to bid jointly. This is \$1.3 billion actually.



Sujit Jain: And going back to our project ESSEL, which was stuck, what is the status on that in terms of receivables and the monies that were stuck and in terms of completion and further liability on us?

Sushil Kumar: ESSEL project, we collected the entire outstanding amount in the month of June last year, if I am not mistaken. So, the outstanding money was fully collected. The project was moved to a new owner or promoter, Adani. So far, whatever shipments we have made, we have been collecting on time. So, there has been no challenge of collection from the new promoter. Nonetheless, because the contract was on fixed price, so the commodity price impact in fact we have to take on this project. I don't have the percentage completion of this project as of now.

Sujit Jain: And the exports where we have done well, 32% of the order flow, which are these markets and within the GE construct as a group, which are the markets that we can cater to? So, would there be just MENA, Africa and South Asia, etc. or you could even target developed nations?

Sandeep Zanzaria: We actually have number of markets, which are allocated to us. So, for example, the material is even going to Australia. It is also going to Japan, complete Southeast Asia market. Many of the products for example the instrument transformers, circuit breakers, the supply chain is from the Indian factories and then we have also the African market and apart from the African market, we are also supplying to Latin America. So, there are a lot of markets, which are allocated to us. In fact, for one or two products, we're also looking at supplying to Europe because we have got the factories qualified in Europe as well. This is primarily the markets which are related to us, MENAT is a typical market, Middle-East one where they prefer the supplies to come from mostly Europe. MENAT our presence from India is quite limited but Africa total supply is from here, Southeast Asia, Japan, Australia and Latin America.

Sujit Jain: One last question, few calls back I think we'd mentioned that we have a product that we market for IIoT in competition with Siemens, Mindshare and ABB Ability. This is not GE products but some other products. So, what is the status there? Can we offer IIoT solutions to our clients?

Sandeep Zanzaria: Basically, in the digital space wherever we are present on the transmission side or on the distribution side, we are not offering products but then we have a different product which is available with us. We are offering that to the clients who are giving the transmission and distribution. Of course, with that product we are not present in the industry domain and all for example, if we are going to steel industry and all that there we are not present, where the product is more aligned towards the transmission and the distribution side. So, in the steel industry if it's for example a substation which is there then our product is there but otherwise for the industry, etc., then the solutions comes as products only.

Sujit Jain: Who is the owner of the IP of this product that we market?

Sandeep Zanzaria: Its GE only.



- Sujit Jain:** And what is this product called?
- Sandeep Zanzaria:** I will just let you know.
- Moderator:** We have the next question from the line of Kunal Sheth from B&K Securities.
- Kunal Sheth:** I just wanted to check on this 37 billion of orderbook that we have. What is the execution period for that orderbook and how much of that is executable next year?
- Sandeep Zanzaria:** This orderbook is a combination of turnkey project business plus the orders **(Inaudible)** (42.56). Very difficult to give one one particular time range of this orderbook but generally as a trend 70% to 75% of the order backlog gets executed in the next year that has been the historical trend.
- Kunal Sheth:** Secondly, we talked about the green corridor orders in the domestic market. I mean what is the status of those orders and how soon do you think they will get postponed to the second half or we expect them to start pouring in the first half itself?
- Sandeep Zanzaria:** Our assessment is that it is going to go to second half or maybe by the end of first half like for example certain things would start coming in by August-September but then when the developers will win, they also take practically a month, two months to decide the order. For the EPC or for their manufacturers, OEMs the decision making will go to second half only.
- Moderator:** We have the next question from the line of Bhavin Vithlani from SBI Mutual Fund.
- Bhavin Vithlani:** The question is again on the export. We have seen Rs. 700 odd crores kind of a run rate on orders. Could we see an increase in the run rate on the export because many of the other capital goods peers have been seeing a very strong growth on the exports. Especially a couple of quarters ago we highlighted about a few products are where GE T&D could become a sole source base for the global supplies.
- Pitamber Shivnani:** Yes. I'm sure that we are going to increase exports in time to come because for some of the products, our factories are becoming sole suppliers actually. We are exporting lot of high-voltage products from India in various countries like Sandeep mentioned, even Australia, Japan, Latin America and South Asian countries. We are definitely going to increase more and more export.
- Bhavin Vithlani:** Why not talking about the percentage on the sales or the orders? Could we see that the exports could double on a 3-year basis from the current levels of orders that we have seen?
- Pitamber Shivnani:** Yes, we can say that in 3 years basis it can double exports but it is very difficult to predict as on date exactly how it will move.
- Bhavin Vithlani:** In general, is the profitability in exports better than what we see in the domestic market?
- Pitamber Shivnani:** Yes.



Bhavin Vithlani: On the competitive intensity in the domestic market, how are you seeing the competitive intensity in the domestic market? There was one comment made that incrementally there is a traction towards the gas insulated substation in the Green Energy Corridor wherein for three or four players inclusive of GE T&D do have the technology. If you could just comment on the competitive intensity and the underlined mix change, so HVDC projects, GIS project, does it hold GE T&D in good stead in maybe if one looks at a 2 to 3 years perspective?

Pitamber Shivnani: Yes, I think GE T&D is definitely in a good stead because we have a GIS portfolio in our product range. We have exclusive factory at Chennai Padappai. That way we see in a good shape actually.

Bhavin Vithlani: Last part, we've seen some improvement on the working capital side also and we've seen the release in the cash and while the headline profits were negative but we saw positive cashflow from operations. Could we believe that there is more juice left on the working capital which is currently around 18% or can we expect some increase in the working capital as a percentage of sales as we see going forward?

Sushil Kumar: I remember 2.5 years ago we talked about becoming debt free or moving in that direction. At that point of time our debt was more than 500 crores which we have successfully been able to bring to 80 crores level end of March, the net debt. As a direction yes, our endeavor is to further improve and become debt-free and remain in the positive trajectory. However, being in the capital good business, quarter-on-quarter there may be some change meaning maybe couple of quarters there will be negative cash but other quarters will have the improvement. As a direction on a long-term basis our endeavor is to further improve the working capital and become debt-free.

Bhavin Vithlani: Just last question from my end to Pitamber, so are you feeling more optimistic now versus a year ago now that the cleanup is done and the ship is being steadied and you can actually see GE on a growth path maybe on the orders and on the revenues with some lag where we can now see GE T&D actually crossing the level of Rs. 4,500-Rs. 5,000 crores top line in 2 to 3 years' timeframe.

Pitamber Shivnani: Yes. I'm quite optimistic because of the market and future opportunities to come.

Sushil Kumar: I'll just make an add on here. I think with the Green Energy Corridor and all the order booking we are hopeful to increase and with the corresponding impact on the execution. However, those levels of Rs. 4,000 - Rs. 4,500 crores of revenue comes with the HVDC opportunities only. It will not be from the regular conventional business but as Sandeep talked about few HVDC opportunities in the pipeline, so hopefully if we get some of them then definitely yes, we will move to a higher revenue level. And just a small correction from my side to the question asked by Mr. Kunal in the earlier question. The backlog execution in a year is in the range of 60% to 65% versus 70% to 75% that I talked earlier. When I talk 70% to 75% which was more about 70%-75% of the revenue for the year coming from the backlog. However, if we have to take



corresponding numbers in terms of the backlog then it is 60%-65% of the backlog getting executed during the year. So that was just a small correction from my side.

- Moderator:** We have the next question from the line of Aashna Manaktala from ICICI Securities.
- Aashna Manaktala:** Continuing on the previous participant's question on the competitive intensity. If you could talk about who are our competitors in the GIS sub-station? What is the current market size and our market share in that segment?
- Sandeep Zanzaria:** Aashna so there are two types of competition which is there. One on the EPC side and second is on the product side. On the EPC side you have multiple competition like for example you have 15-20 players or may be more than that. You would have some people present in 132 kV segment some present on 220 kV- 200 tons 400 kV. But if I really look at the GIS as a product then our main competition actually comes from Siemens, Hyosung, Toshiba and Hitachi and for a very small segment Crompton.
- Aashna Manaktala:** In terms of product, what would be the market size currently and what is the expected growth rate given the amount of ordering so that we're expecting to come around in a year or so should come in?
- Sandeep Zanzaria:** Purely as market for the GIS product, we are looking at a year of close to about \$300 million is the market size what we are looking forward to. And of course, market share would be in the range of something like (+25) basis which is our endeavor to target.
- Aashna Manaktala:** Coming to the EPC proportion of your orders. How much of that would be fixed priced contract?
- Sandeep Zanzaria:** If you really look today in the market, EPC ordering which is happening across the customers maybe few RTM packages if we exclude from power grid or maybe a few packages if you exclude which is coming from state which would be less than 15% of the total project volume being tendered out, balance 85% is on fixed priced whether it is TBCB, whether it is private player. So mostly the price variation today which the customers are offering is mostly on the transformers and the reactors.
- Aashna Manaktala:** Are we able to renegotiate some of these fixed priced contracts?
- Sandeep Zanzaria:** We are trying, we are making the effort but still the results are not very encouraging today.
- Moderator:** Thank you. That was the last question. I now hand it over to Mr. Suneel Mishra for closing comments.
- Suneel Mishra:** Thank you Mikey again and 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 email ID. Thanks again.



*GE T&D India Limited
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Moderator:

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