GE Vernova T&D India

Operator: Ladies and gentlemen, good day and welcome to the conference call hosted by GE Vernova T&D India Ltd. for Q2 FY27. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touch-tone phone. I now hand the conference over to Ms. Megha Gupta from GE Vernova T&D India Ltd. Thank you, and over to you.

Megha Gupta: Good evening, everyone. Welcome to the earnings call of GE Vernova T&D India Ltd. I am Megha Gupta from the Investor Relations team, and I am joined by Mr. Sandeep Zanzaria, CEO and MD of the company; Mr. Sushil Kumar, Whole-time Director and CFO of the company; Mr. Abhishek Srivastava, Head of Business Operations; and other members of the leadership team.

Before we begin, I would like to highlight that today's discussion may contain a few forward-looking statements which are subject to risks and uncertainties. These statements are based on our current expectations, and actual results may differ materially from those expressed or implied. Now, I hand over the conference to Mr. Sandeep Zanzaria to open the discussion.

Sandeep Zanzaria – CEO & MD: Thank you, Megha. Good evening, everyone, and thank you for joining the second-quarter earnings call.

The Indian power transmission sector is at a historic inflection point, moving from a centralized grid towards a more dynamic, digitalized, and decarbonized architecture. Three key pillars are defining the industry. The first is unprecedented grid expansion and modernization. India's energy demand is scaling at a pace that requires aggressive expansion of transmission infrastructure. The integration of large-scale renewable energy, often far from consumption centers, requires robust long-distance high-voltage direct current and alternating current corridors.

The second is the digital transformation of the grid. The grid has grown more complex, making advanced automation, real-time smart substations, and predictive maintenance essential to reduce AT&C losses and improve reliability. GE Vernova is focused on providing the software and digital infrastructure required to manage this complexity.

The third is that the T&D sector is the backbone of India's energy transition and net-zero ambition. A greener grid requires not only solar and wind capacity, but also the hardware and intelligence to balance intermittent power sources. Systems such as flexible AC transmission systems and energy storage integration are, therefore, becoming essential for grid resilience.

Coming to the financial performance, during the second quarter, we saw an order book of 24.4 billion, up 52% year-on-year compared to 16.1 billion in the quarter ended September '25. Our Q2 revenue stood at 20.3 billion versus 15.4 billion INR in Q2 FY '25-26, up 32% year-on-year. The order backlog stands at 214.4 billion as of September '26 versus 214.6 billion as of March '26. The order backlog stands at more than 3 years of revenue for FY '25-26.

Our profit before tax and exceptional items for the quarter ended September '26 was 5.8 billion INR compared to around 4 billion INR in the corresponding quarter of the last financial year, growing by 1.4x. Cash generation was 10.1 billion during H1. With this cash, our balance stood at 32.5 billion at

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the end of September.

Looking ahead, our priorities are consistent. First, execution excellence on mega projects, especially our HVDC projects. Second, deeper localization, expanding our manufacturing footprint in India, reducing exposure to global supply chain risk, and supporting the vision of a self-reliant energy sector. Third, growing our services and software business, particularly grid automation and asset performance management, where predictive maintenance and software optimization help utilities get more from the assets they already have.

Heartfelt thanks to our colleagues at the project sites and in our factories. As the volumes grow, they continue to deliver with rigor and never compromise on safety. Now, I turn to Abhishek to walk through the specific operational highlights for the quarter.

Abhishek Srivastava – Head Business Operations: Thanks, Sandeep. Good evening to all of you. I will take you through the key network augmentations that we achieved in the last quarter. The first notable mention is the 400 kV substation for NEA in Nepal. This is for the backbone of the 400 kV grid network that Nepal is trying to develop. Earlier, we had commissioned {? Khimti ?}, and this is the second in the series. After that, a 400 kV GIS station was commissioned for GETCO at {? Barbazar ?}.

In addition to that, we had been strengthening the transformation capacities at various existing and new substations. In that regard, we commissioned 765 kV reactors for our customers, PGCIL at Bidar, {? Rizonia ?} at Biaora, and then a 765 kV generator transformer for NUPPL at Ghatampur. In addition to that, GIS commissioning was done at Narela in Delhi, along with some export jobs, one in Spain and another one in Senegal.

All these commissioning activities are a testimony to our focus on network augmentation and our commitment to operational excellence and continuously delivering on our promises to our customers. I now hand over to Sushil to take us forward.

Sushil Kumar – Whole-time Director & CFO: Thank you, Abhishek. Good afternoon and good evening, everyone.

First, I will talk about the order-booking highlights for the quarter. During Q2, we secured an order intake of INR 24.4 billion, bringing our cumulative H1 order intake to approximately 35.8 billion INR. This represents an 11% growth year-on-year. Key wins during the quarter reflect our strong technical capabilities and diverse market reach, including a major package for a 400 kV generator transformer and 420 kV GIS for a 1,500 MW pumped-storage hydro project in Maharashtra; 800 kV and 420 kV GIS packages for transmission projects in Andhra Pradesh; supply of 400 kV reactors and a 420/220 kV GIS package for a TBCB transmission project in the state of Himachal Pradesh; supply of a 765 kV shunt reactor for a TBCB transmission project in the state of Andhra Pradesh; transmission packages featuring 400 kV and 765 kV reactors in Himachal Pradesh and Andhra Pradesh; and continued export momentum with multiple equipment orders for GIS and AIS across North America, Europe, the Middle East, and Africa, alongside steady grid automation packages. Our order backlog closed strong at 214.4 billion INR, reflecting a healthy baseline as we efficiently convert our backlog into revenue.

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Turning now to the financial performance for the quarter and some highlights of the first half, revenue for the quarter robustly stood at 20.3 billion, up 32% year-on-year, with H1 revenue reaching about 38.6 billion, up 35%. Gross margin for the quarter stood at 44.5%. Disciplined cost management across operations enabled us to deliver an EBITDA of INR 5.5 billion, approximately 27.1% of revenue. This EBITDA is at the higher end of our mid-20s guidance band that we had been communicating to stakeholders in the past. Profit before tax for the quarter rose to 5.8 billion INR, and profit after tax was 4.3 billion INR, representing 21.3% of revenue. Finance costs remained negligible with our continued net-zero debt position.

On the balance-sheet side, we generated INR 10.1 billion of cash during the first half, taking our total available cash and cash equivalents, including funds lent to the cash pool, to approximately 32.5 billion.

Regarding our capital expenditure, as previously announced, the company is progressing with the capacity-expansion program of approximately 10 billion, out of which roughly 20% has already been incurred. Management continues to evaluate various options for the utilization of balance cash to optimize returns to shareholders.

I would also like to highlight the continued quality and segmentation of our orders and revenue. For the quarter, our order and revenue mix reflects a strong balance sheet, with export orders at 21% and export revenues at 32%. Looking at our order and revenue split for the half year, orders stood at 29% export and revenue stood at 31% export. Further, our ongoing counterparty de-risking strategy ensures that private customers and central utilities, PSUs, continue to form an overwhelming majority of our order backlog, maintaining a robust and secure risk profile.

In the presentation, we have also given the status of material related-party approvals. We had secured an approval of roughly 31 billion INR [cut off]

Sushil: ...in the AGM of 2025. This was for the export of various high-voltage switchgear components to two related parties in the Middle East and France. This lapsed in the AGM of 2026 because the shareholder approval for the related party is valid for a period of 1 year. The reason is that the order is on hold from the customer side due to operational-planning delays on their side.

We had also secured another approval for a related party from a US entity, largely for the export of goods from India for approximately 151 million dollars. This approval is valid until May 15, 2027, and the order is at the discussion stage with the customer. We hope that in H2 of this financial year, we should be able to conclude this order.

So, summarizing before I hand back for the questions: order intake grew steadily; revenue growth, execution pace, cash generation, and backlog quality all remain strong and consistent with our full-year expectations; and we are confident of converting our 214 billion backlog profitably over the coming years. With that, I will hand over for the question-and-answer session.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the

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question queue assembles.

The first question is from the line of Sameer Thakar from Ambit Capital. Please go ahead.

Sameer Thakar – Ambit Capital: Hi, thanks. My first question is that GE Vernova announced the acquisition of Trench. They also said that they are evaluating expanding the manufacturing of Trench products in India. Is there any view on whether that will be part of GE Vernova India, or is it too early to say? I just wanted your comments on that. That's the first question.

Sandeep: Thank you, Sameer. I think the acquisition was announced only 2 days ago. As of today, the whole acquisition process is expected to end in the later part of FY '27. So, it is too early to comment on that.

Sameer Thakar – Ambit Capital: Okay, understood. The second question is, what is the revenue contribution from services and software at the moment? Is there any target that you have in mind or any ambition regarding this?

Sushil: Samir, good evening. This is Sushil. For the software and services business, we do not give a breakup as such because we operate as one segment, which is high-voltage products and transmission lines. But I can give an overall view that lately we have been booking a lot of equipment orders because our order booking, including the HVDC order, has been very strong in the last few years. As a ratio of total revenue, the share of software and services may have dropped, while every business is growing year-on-year.

Sameer Thakar – Ambit Capital: Okay, understood. I will get back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar – ICICI Securities: Congratulations on a superb quarter. Thanks for the opportunity. My first question is on GE Vernova Global talking about a $900 million order which they booked for giving orders to global factories. My question is, are we in contention for those? How many factories globally does GE have for producing transformers, especially in Asia?

Sandeep: Hi, Mohit. In Asia, we have 2 transformer factories. One is in Indonesia, but that is a much smaller factory because I think today they build up to 245 kV only. The higher-rating transformers are all built in Vadodara in the Asian continent. Regarding the $900 million orders, yes, there will be some orders that are going to flow, for which we have taken a related-party approval for 1,300 crores, and the finalization process is ongoing.

Mohit Kumar – ICICI Securities: My second question is on the hold-up in the 2 related-party approval orders that you mentioned in the presentation. One is, I think, GE Middle East, and the other one is, I think, France, right? In your opinion, do you think that in the next 6 to 12 months this hold-up will get cleared, and there will be an opportunity to participate in those orders?

Sandeep: That project is actually of a much bigger size, and the hold has been put by the customer. So, we are not very sure whether the hold is going to be lifted in 6 months, 8 months, or a year. It would be too early to speculate on that.

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Mohit Kumar – ICICI Securities: Understood. My last question is, how are you seeing new opportunities for HVDC developing over the next 12 months? Is there still a need to invest more from our side to improve the indigenization content for HVDC as we go forward?

Sandeep: We see a very strong pipeline of HVDC going forward. We expect a minimum of 2 to 3 projects to come next year. HVDC is going to remain a key focus area for us as well. We keep evaluating whether we need to make an investment in terms of more localization.

If you look at HVDC, practically most of the things have been localized. Today, we are manufacturing transformers in India, valves in India, and controls in India. At one point in time, a large part of the transformers and 100% of valves and controls were coming from outside. But with whatever capex we have done or whatever capex is under progress, all these things have been localized.

However, there are still components that come from outside, which are not manufactured by GE Vernova but are manufactured by our subcontractors or sub-vendors. As a long-term strategy, in the next phase we will be working on localization of those components as well.

Mohit Kumar – ICICI Securities: Understood. Thanks, and all the best. Thank you.

Sandeep: Thank you, Mohit.

Operator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal – HDFC Securities: Hi, Sandeep sir. Congratulations on a great quarter. In this quarter, we have seen a very significant pickup in domestic orders. The last quarter was subdued. How do you see the rest of the financial year in terms of domestic orders? Was there any one-off in this quarter, such as any large order from the domestic market that contributed significantly to the overall order inflows?

Sandeep: I think we see order intake for the year as a positive story. There was no one-off; these were all regular orders that came in. You also know that we have already declared that we are the lowest bidder for Barmer with Power Grid, and Barmer has already been acquired by Power Grid. We expect that this quarter will also be significant in terms of booking that order. On the order side, we are quite confident that this year is going to be much stronger than what we delivered last year.

Parikshit Kandpal – HDFC Securities: Any color on domestic ordering, sir? How is it shaping up for the second half, given that Q1 was—

Sandeep: I think it is strong because in the last 3 to 4 months there was a substantial and strong pipeline of TBCB projects. Opportunities are still coming in. I expect the pipeline to remain strong for at least the next 4 to 5 months as well.

Parikshit Kandpal – HDFC Securities: On the RPT side, we have seen the fallback of 2 orders. They have got indefinite suspension as of now and may take time to return. In terms of RPT opportunities, how should one look at it from here, given that even the US data-center order has been slightly delayed and may come up, as you said, in the later part of the year? As an overall pipeline from

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Asia, Europe, and the Americas, how should one look at RPT from here? Are there significant orders that can replace the lost opportunity from these 2 orders?

Sandeep: Larger opportunities definitely exist, but they are really one-off. We are seeing a strong pipeline for smaller orders that do not fall under the category of material RPTs. The order inflow for the normal product business is much stronger this year compared to last year.

Sushil: I will just add to that, Parikshit. This year, in the first half, we have booked 10.4 billion INR of export orders. A significant part of this order booking is from related parties, compared to 11.8 billion in the entire financial year '25-'26. On a like-to-like basis, you can see that there is significant growth in the normal order flow, excluding the large ones. If we are able to close the material RPT, the US one, in the second half, then the entire year from an export perspective will also show very significant growth.

Parikshit Kandpal – HDFC Securities: What is driving these smaller inflows from related parties? Is it broad-based, or is it from a specific geography? How would you describe the geography—

Sandeep: It is all broad-based, Parikshit. It is all broad-based.

Parikshit Kandpal – HDFC Securities: Is it the result of the certifications that we have obtained for our factories with new countries, and are those certifications yielding this kind of performance? What is driving this sudden change in the small orders?

Sandeep: Everything. Many geographies are now seeing a lot of investment coming in, and supply chains are also getting stretched. That is creating additional opportunities. Definitely, in many cases, the certifications that we have been working on for the last 1 year are also yielding results.

Parikshit Kandpal – HDFC Securities: Just one last question on competitive intensity. We are now seeing Chinese players entering. Some other domestic players are tying up with foreign partners and planning to enter HVDC. For 400 kV and above, and below that as well, we are seeing significant competition. How do you see competitive intensity developing from here? Are you seeing pricing starting to decline? Any color on that would be helpful for future orders.

Sandeep: After we won Barmer, there has been no HVDC tender, so we do not know how the strategies you are referring to—Chinese players tying up with others and so on—will play out. That has not yet been seen in the market. There has been no subsequent tender, so we cannot comment on competitive intensity as of now.

Parikshit Kandpal – HDFC Securities: What about regular transformers, sir? For your regular high-voltage transformers beyond HVDC, excluding HVDC, how is the competitive intensity?

Sandeep: There is some slight pressure on prices, yes, but very little and not significant.

Parikshit Kandpal – HDFC Securities: Okay. Sure, sir. Thank you, and I wish you all the best.

Sandeep: Thank you.

Operator: Thank you. The next question is from the line of Umesh Raut from Nomura. Please go ahead.

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Umesh Raut – Nomura: Hi, sir, and congratulations again on a very good set of numbers. My first question is again related to the acquisition of Trench Group by the parent. I wanted your view on 2 comments made by the parent. One is expanding Trench Group's reach in selected regions, including India. Second, they are talking about growing Trench's revenue potential in India through GE's commercial capabilities.

If I look at Trench's product offering, it appears that they can complement us by providing additional supplies of bushings and coils, which are necessary for HVDC projects as well as other products. What is your view on how the synergies can play out? I am looking for a preliminary view.

Sandeep: Thank you, Umesh. Yes, you are right that the synergies are going to play out. When we are talking about a good HVDC pipeline, and HVDC being our focus—not only HVDC, but STATCOM as well—I think greater control over the supply chain is going to make us more competitive and put us in a better competitive position. It will not only make us more competitive but also put us in a more secure position in terms of the supply chain. I think it is a very positive development as far as India is concerned.

Umesh Raut – Nomura: Understood, sir. My second question relates to the order that you received for the pumped-storage hydro project. Is this the same project that was awarded to another GE group company?

Sandeep: No, no, no. This is a standalone transformer and GIS package, so it has nothing to do with other GE entities.

Umesh Raut – Nomura: Understood. At what stage can hydro-project potential in India provide orders for a transformer or GIS package—whether in the first year or second year of ordering for that particular project?

Umesh Raut – Nomura: For a package involving a transformer or GIS, would it be in the first year or second year of ordering for that particular project?

Management: Normally, when the machines are ordered at the start of the project, today customers are ordering transformers and balance of plant, which in most cases is GIS. So, it is at the start of the project. People do not wait for, for example, 1 year or 2 years, because for transformers and so on, the timeframe is also somewhat longer. So, it is at the start of the project.

Umesh Raut – Nomura: Got it. On the STATCOM side, if I look at order wins, I think even in Q2 there were no STATCOM orders for the other players in the industry either. When can we expect a sizable portion of STATCOM orders to start in India?

Management: I expect a sizable portion to be ordered in Q4.

Umesh Raut – Nomura: Understood. My last question is on the bookkeeping side. If I look at other expenses, they grew by about 38% in the quarter gone by. Was there any one-off provisioning or foreign-exchange loss reported in other expenses?

Management: Mahesh, there has been some foreign-exchange loss, but it is all operational. Overall, I think the growth is in line with revenue. There is nothing to worry about in terms of the overall

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impact on the P&L.

Umesh Raut – Nomura: Got it, sir. Thank you very much, and all the very best. Happy Diwali in advance.

Management: Thank you. Happy Diwali to you.

Operator: Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

Amit Anwani – PL Capital: Hi, sir. Thank you, and congratulations on the strong performance. My first question is on gross margins. Gross margins this quarter have been quite resilient. I wanted to understand what led to this gross-margin performance, and whether we are sticking to the mid-20s EBITDA-margin guidance for this financial year. That was my first question.

Management: Good evening, Amit. Yes, you are right. We are sticking to our guidance because the full-year performance has been good. We have been able to achieve an EBITDA of approximately 26.2%, which is slightly on the higher end of the mid-20s range.

In terms of gross margin, quarter-on-quarter it changes because of the mix of different products, exports, and so on. But as you rightly mentioned, we have been able to maintain resilience and deliver the targeted EBITDA margin. As we have communicated in earlier calls as well, EBITDA becomes the right operating metric in our business, and a longer 1-year view is more relevant than quarter-to-quarter performance.

Amit Anwani – PL Capital: My second question is on the RPT order of 1,450 to 1,500 crores in the US. What does it relate to? Is it a transformer order or a data-center order? Any color on that? Also, some color on the data-center contribution or the number in terms of data-center-related orders in the order book would be helpful.

Management: Amit, yes, it is definitely related to data centers in the US, and it relates to transformers for data centers in the US. Regarding Indian data centers, there was no very significant ordering decided during the quarter. The numbers are not significant enough to call out for the Indian data-center market.

Amit Anwani – PL Capital: Lastly, on the localization that you highlighted, and with this Trench order by the global parent, you also highlighted the synergies. In India, are we trying to secure supplies as we hear that lead times are getting elongated amid strong demand? Are we also looking at related acquisitions or something similar, or perhaps more investments in localization? Second, in terms of the total addressable market, could you give some color on whether we are aiming to further increase the total addressable market in India?

Management: Yes, definitely. The acquisition of Trench is going to give us much better control over the supply chain when we are bidding for HVDC and other projects as well. That is definitely going to help.

Regarding capex or localization, we keep working on improving localization, as we said earlier. For example, it could involve investment by us, but we also work on developing new vendors or

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products that are currently coming from outside and finding an alternate supply chain in India. It is a longer journey because we then need to work with various suppliers to develop the product according to our requirements. It goes through extensive testing, and only then is it launched into the market.

In that case, the capex or investment is made by the subcontractor. But we have already declared capex of about 1,100 crores, and we have said that we are continuously evaluating the market. If required, we will not shy away from investing further capex in the country.

Amit Anwani – PL Capital: What are the utilization levels today?

Management: They are quite high for most of the factories.

Amit Anwani – PL Capital: More than 75%?

Management: Yes.

Amit Anwani – PL Capital: Understood. Thank you, sir. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Rahul Gajare from Macquarie. Please go ahead.

Rahul Gajare – Macquarie: Good evening, and congratulations on a very strong Q2. My first question is on localization. I want to understand how much time it takes to deliver a 765 kV transformer for an order received today. I am sure that with the acquisition of Trench, the delivery timeline would shrink. Can you give us any sense of the extent to which that timeline could shrink? Continuing with the same question, as of today, are all the bushings manufactured locally, or are they sourced from outside? That is the first question.

Management: Thank you, Rahul. First of all, what I said was that it is going to give us better control, but that does not mean that it is going to shrink the timeline. Trench would also have its own pipeline and its own delivery commitments that it has made in the market. I do not think that it would simply ignore those delivery commitments and start diverting everything to an internal GE factory. It is not going to work like that.

If we look at our bushings today, most of the 765 kV bushings are coming from outside because manufacturing capacity in India is quite limited. However, capacity expansion is now underway. Today, they are being imported, but over time they will become localized; that is certain.

If we look at the lead times for 765 kV bushings, that itself is more than 15 to 18 months. As for transformer delivery times, manufacturing a transformer takes hardly 3 to 4 months. However, raw-material lead times are quite high, and that is what defines the manufacturing turnaround time.

Rahul Gajare – Macquarie: Is there any timeline—1 to 1.5 years, 2 years—for delivery if I give you an order today?

Management: That will also depend on our factory loading and other situations as well, so [trails off]

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Rahul Gajare – Macquarie: My second question is on the data-center side. All major global companies are focusing on data centers, including GE Vernova. Today, how much of the data-center opportunity are you able to capture, and how will this TAM change over the next 2 to 3 years?

Management: Today, the Indian data-center market mostly consists of 200- to 300-megawatt data centers, which are primarily operating at about 220 kV. The TAM is not very large. However, once larger-size data centers start coming up, they will be at 400 kV and 765 kV. There will be a significant increase in the TAM as a result.

Rahul Gajare – Macquarie: My last question is on HVDC and STATCOM. You manufacture valves here. How much of HVDC will actually be localized? Is there any way to put a number on it—50% or 70% of the HVDC value localized?

Management: There is a difference between how we think about localization and what the government formula defines as localization. I will give you an example. When we manufacture a transformer in India, we design the entire transformer, buy all the material, have our supply chain procure it, manufacture it in our factory, test it, and supply it. In a general sense, you could say that 100% of the transformer is localized.

However, if you look at CRGO, it is imported, so the government does not count it as a localized component. Similarly, oil may come from somewhere outside and we may only process it. A large part of that oil would not be considered localized. So, there is a difference.

If you look at it in the way we define it internally, most of HVDC is localized. We manufacture all the transformers here, we manufacture thyristor valves here, and we manufacture controls here. We also have a backend engineering center for HVDC in India, so the complete engineering solution is mostly an India-dependent or India-supply-chain story. However, there is a difference in how the government monitors or captures the information.

Rahul Gajare – Macquarie: So, whatever is possible, you are already doing it. That is the way to look at it.

Management: Yes, but what happens is that, for example, when our valve factory is commissioned and we start manufacturing thyristor valves, we will proceed component by component.

For example, when we opened the gas-insulated switchgear factory in 2009, everything was coming from outside. We then took it component by component. We got certain things developed. Once the supply chain stabilized in India, that component became an Indian source.

There were also times when those component manufacturers became so mature that they started supplying to our global factories as well. When we localize, for example, thyristor valves, we will proceed component by component and try to see whether we can work with and develop those components with local Indian manufacturers. They could be from different industries. They could be from the automobile industry or another industry. We work with those industries and get—

It is a journey. It is not something that can be done in one shot at 100% or 0%. It is a journey.

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Rahul Gajare – Macquarie: Okay. Thank you very much, and all the best for the second half.

Management: Thank you, Rahul.

Operator: Thank you. The next question is from the line of Aditya Vikram from DB Securities Private Limited. Please go ahead.

Aditya Vikram – DB Securities Private Limited: Hi, sir. Good evening. I just wanted to quickly check a few things. First, even though we have achieved the higher end of the EBITDA guidance, at 27% plus, are we going to sustain it at this level for the next 2 quarters?

Management: For the entire year, Aditya, we will maintain our guidance of mid-20s EBITDA.

Aditya Vikram – DB Securities Private Limited: The second question I have is about the project we took from Power Grid, the {? Bhadla ?} project. Will that have any negative impact on our EBITDA margin?

Management: [pause] The order is going to be executed only over the next 2 to 3 financial years, perhaps 4 financial years.

Aditya Vikram – DB Securities Private Limited: So, there will not be any impact this year? Is that what you are saying?

Management: Yes, there will not be any execution from any of the significant HVDC orders in this financial year.

Aditya Vikram – DB Securities Private Limited: The last question I have is about the related party for which the approvals have lapsed. Is that still part of our order backlog, or has it been removed?

Management: [pause] Aditya, the order was not booked because we took the approval and the customer put the project on hold. It is not part of our backlog.

Aditya Vikram – DB Securities Private Limited: Are we sensing, considering all the— [trails off]

Aditya Vikram – DB Securities Private Limited: {? ...things ?} we are hearing right now, are we sensing any cancellations of orders from the data-center side or anything? Have we encountered any such queries from our existing customers?

Management: We do not have any data-center backlog, any significant [cut off]

Sandeep: No, no. We do have a data-center backlog, but there is no sense of any cancellation or anything. This is news to me, what you are talking about.

Aditya Vikram – DB Securities Private Limited: No, okay. That helps, sir. Thanks very much for clarifying. I appreciate it. That is all from my side.

Operator: Thank you. The next question is from the line of Basant Bansal from {? NBG Investments ?}. Please go ahead.

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Basant Bansal – {? NBG Investments ?}: My question is around AI. We are hearing nowadays that AI companies are not getting funding and are slowing down their expansion. Are you also seeing any kind of impact because of this?

Sandeep: Mr. Basant, a large part of our orders comes from transmission utilities or the TBCB segment. India, for example, if you look at the installed capacity of data centers over many years, it is close to about 1.5 gigawatts, which is very small. In fact, by 2030 it is also expected to rise only to 8 to 10 GW. It is not very significant compared to the US market and other places as well. At least in India, we do not see a significant challenge in terms of these companies' capacity to raise capital and establish data centers for AI.

Basant Bansal – {? NBG Investments ?}: So, you are not seeing any kind of demand pressure from that side? Am I right?

Sandeep: Not at this stage. When large data centers start coming up, there will definitely be pressure because they will be requesting early deliveries and so on. However, today many projects are still on the drawing board. We expect much stronger traction in data centers starting from Q4 or, most probably, next year.

Basant Bansal – {? NBG Investments ?}: Okay. Thank you.

Sandeep: Thank you.

Operator: Thank you. The next question is from the line of Suraj Malo from Catamaran. Please go ahead.

Suraj Malo – Catamaran: Hello, sir. In January 2024, we took an RPT approval for 3,000 crores, which you mentioned last quarter was on hold. What is the current status of that project?

Management: Suraj, good evening. The approval we took in January was largely on the buy side. This means that we had placed an order with our group company, largely including the products we need for the execution of the HVDC project. That buy-side order has been executed.

The other 2 orders for which we had taken approval were mainly on the sell side, to receive export orders from customers. We have already provided the details in the presentation. One order is on hold and the other one is active.

Suraj Malo – Catamaran: So, of the 3,000 crores, a large portion was for importing components for HVDC?

Management: Yes, sir. For Bhadla.

Suraj Malo – Catamaran: Got it, sir. All right, thank you very much.

Operator: Thank you. The next question is from the line of Vijay Bhasin from InCred Capital. Please go ahead.

Vijay Bhasin – InCred Capital: I have 2 quick questions. First, do you expect gross margins to cool off from the current 55% to 57% levels once the large HVDC projects begin execution, starting next

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year, assuming that the current revenue mix is more skewed towards products than projects?

Management: Good evening, Vijay. First, a clarification: gross margin is not around 55%; it is in the range of 45%. For this financial year, we have already clarified that HVDC execution is not going to be part of revenue. In fact, a significant part of HVDC execution will start from FY '28 onwards. Even in the next financial year, we do not expect a significant HVDC contribution.

We have maintained mid-20s guidance for this financial year. We do not share long-range guidance that includes HVDC execution over the next 3 to 5-year cycle. We will communicate that in due course.

Vijay Bhasin – InCred Capital: As a follow-up, can we say that the current gross-margin levels could possibly hold for the next 1 to 2 years despite competition increasing? Or could they improve from here?

Management: We do not provide gross-margin guidance. We have provided EBITDA guidance because, as I mentioned earlier, gross margin changes quarter-on-quarter and even year-on-year depending on the mix of products versus projects, exports versus domestic, and so on. We also have significant operating-leverage benefits that we can avail ourselves of.

We have already shared guidance for this financial year, and we are executing well in the first half. We will communicate expectations for next year in due course. As of today, we do not share long-range guidance.

Vijay Bhasin – InCred Capital: Lastly, how much would be the data-center mix in your backlog right now?

Sandeep: It is a very small percentage, Vijay. It is mostly a few products in the 220 kV segment and grid automation.

Management: Less than 2%, in fact.

Vijay Bhasin – InCred Capital: Sure. Thank you.

Operator: Thank you. The next question is from the line of Amit from UBS. Please go ahead.

Amit – UBS: Hi, Sandeep. Congratulations on maintaining a very strong quality of business. My first question is on the manufacturing capacities for power transformers and switchgear that are planned over the next 2 to 3 years in the country. Do you think, in 2027, the ordering pattern will be such that these capacities will start having some impact on profitability and pricing? This is an industry question, perhaps not particularly related to GE Vernova's profitability because that is a different business mix. The demand-supply mix, especially for CY '27 ordering, will be very different compared with what we have seen in the last 2 years. That is my first question for the domestic market.

Sandeep: If you look at the capacity expansions that people have announced, they are putting up capacity mostly for the export market, not for the domestic market. If they follow what they are saying, I do not see too much pressure coming on domestic-market prices.

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Amit – UBS: Qualifications have their own timelines, and not everyone planning to export may be able to do so, based on the last 20 years of history in the country. That is why I asked the question.

Sandeep: A large capacity expansion is happening mostly on the transformer side, but not as much on the switchgear side.

Amit – UBS: Fine. My second question is, when GE Vernova T&D India exports to the US, Europe, and the MENA region, there are also many large domestic companies that have started receiving capacity orders. Which part of your business today is vulnerable to or in direct competition with 4 to 5 large non-MNC exporters in India? I understand that much of your business is technology-led, where Indian companies do not have competing offerings, such as GIS.

Sandeep: Normally, I have not seen us competing too much in the global market with Indian companies. It is therefore very difficult for me to predict how this whole situation will play out as Indian companies increase exports.

If a trend starts emerging—for example, hypothetically, suppose that in a country in Europe, such as Spain or Portugal, my bid is there along with 3 Indian companies—then I can make an assessment of the impact. But today that is not the scenario. It is therefore very difficult for me to say directionally which markets will be impacted, where they will be impacted, and what volume will be impacted.

Amit – UBS: My third and last question is a quick one, revisiting capacity expansion. We have seen Korean companies expanding capacities, and many investors have raised questions about conservative behavior in expanding. Would you characterize GE Vernova T&D India's 11 billion capex as conservative expansion based on the assessment of global and domestic demand?

Sandeep: Korean companies are not that large in India. For example, in transformers and so on, there is no Korean company operating here. Korean companies are putting capex either in Korea or in the US. We cannot compare them with GE Vernova T&D India's capex.

Regarding the conservativeness of our capex, I would say that we take an informed view of the market, supply-chain demand, and our ability to participate in that market. Only then do we decide on the capex numbers after due diligence with the board.

Management: I will just add to that. We also consider what maximizes returns to shareholders. Most of the investment we are making—more than 90%—is in our existing plants, where we already have the land, and it enables a very integrated expansion. Therefore, our capex requirement compared with other players is lower to produce or generate a similar or higher volume.

Amit – UBS: I meant Korean companies expanding in Korea for the US and Korean markets, but this was helpful. Thank you, and good luck.

Sandeep: Thank you.

Operator: Thank you. The next question is from the line of Aritra Banerjee from Nomura. Please go ahead.

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Aritra Banerjee – Nomura: Congratulations on a very good set of numbers this quarter, and thank you for the opportunity. For the upcoming 3 HVDC projects—2 in Barmer and 1 in Khavda—what kind of timelines are you expecting in terms of tendering and awarding? Could you provide some clarity on that?

Sandeep: The project has not yet been cleared by NCT and so on. It is going to happen only in '27, next year.

Aritra Banerjee – Nomura: Understood. My second question is regarding the discussion around the ultra-high-voltage 1,150 kV corridor. If that materializes, what kind of tailwinds do you expect regarding TAM and demand opportunities going forward?

Sandeep: That will depend on how many projects come up in a year. We have to wait for feedback once the first project comes in and then see what the subsequent pipeline looks like. Only then will we be able to give a concrete number for the TAM, including the scope, the number of bays, and the number of transformers required. It is still some distance away.

Aritra Banerjee – Nomura: Understood. Do you have any idea who the competitors might be in this segment if it develops?

Sandeep: 1,150 kV?

Aritra Banerjee – Nomura: Yes.

Sandeep: For different projects and different products, the competition will be different. For instrument transformers, it will be different; for transformers, it will be different. It will be different for different products.

Aritra Banerjee – Nomura: Understood. Thank you for answering my questions, and all the best for the coming quarters. Happy Diwali in advance.

Sandeep: Thank you, Aritra.

Operator: Thank you. The next question is from the line of Shivam Kapoor from Jefferies. Please go ahead.

Shivam Kapoor – Jefferies: Hi, sir. Thanks for the opportunity. I had a quick question on HVDC. Could you quantify, for a typical HVDC project, how much would be, say, the equipment component or the component addressable by you? For example, in a 20,000-crore HVDC project, how much is typically the equipment component?

Sandeep: That changes depending on the line length and other factors. For example, one HVDC project might have an 800 km line, while another HVDC project might have a 1,200 km or 1,500 km line. Therefore, the composition in percentage terms will change, but you can take it as somewhere around 40% to 65%.

Shivam Kapoor – Jefferies: Understood. Secondly, you mentioned that the TBCB pipeline has picked up substantially over the last 3 to 4 months. By my calculations, close to 1 lakh crores of TBCB projects have been {? tender... ?} [cut off]

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Shivam Kapoor – Jefferies: ...ed out so far. How much of this would you say could still be pending for ordering on the equipment side? Typically, once a project is awarded to the developer, how long is it before it is awarded to the equipment supplier? That is one question.

Continuing on the TBCB projects, how much market opportunity do you see coming up from the intra-state TBCB project side as well? A lot of the recent tenders have been inter-state. How do you see the pipeline shaping up in intra-state projects?

Management: On the TBCB intra-state pipeline, many states have expressed that in the future all their expansion, at least at 400 kV and 765 kV, should be undertaken through the TBCB mode. However, they have not been able to provide a number. If you ask me for a number for the year, it would probably be difficult for me to quantify because the numbers would be tracked more by the developers than by us. That is the first point.

Second, regarding your question, earlier the delivery timelines for TBCB projects were 18 to 21 months. Whenever developers won projects, they were in a hurry to award the packages in order to secure and meet those timelines. Now, the timeline has become 24 to 30 months. Therefore, even after the developer wins the project, they take some time to decide. A float has been created, which now rests with the developers.

I would say that it is difficult to predict how much of the 1 lakh crore TBCB pipeline, if decided this year, will materialize for equipment manufacturers like us.

Shivam Kapoor – Jefferies: Given that the timeline has stretched, is it fair to say that it could be about 6 months or more, or could it typically be less than 6 months after the project is awarded?

Management: Normally, the whole product package would be awarded within 3 to 5 months after the developers win the bid.

Shivam Kapoor – Jefferies: That is according to the latest, longer timelines you mentioned? In the current scenario, it could typically be 3 to 5 months?

Management: Yes. For transformers and so on, people do it earlier, but for other products it gets slightly delayed.

Shivam Kapoor – Jefferies: Noted, sir. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Amitoj Singh from 361 Capital. Please go ahead.

Amitoj Singh – 361 Capital: Thank you very much for taking my question. My first question is on exports. As of the end of FY26, our export order book stood at around 1,700 crores. In the first-half execution, we have already executed roughly {? 1,200 ?} crores of exports. Is it fair to say that exports are relatively short-cycle orders compared with domestic orders? Any commentary on that?

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Management: Most flow orders, or orders spread across multiple geographies, are short-cycle. In the past, we did book certain projects that were long-cycle, with durations of 3 to 5 years. Large projects generally have longer delivery periods. The material related-party orders that we take are also longer-cycle, while the rest of the flow business is short-cycle.

Amitoj Singh – 361 Capital: So, roughly, would it be fair to say that the new orders we have been taking in the first half will also be short-cycle products?

Management: Yes, absolutely.

Amitoj Singh – 361 Capital: Got it. My next question is on IGBT technology. Our South Olpad project is based on VSC technology, and we have a tie-up with Mitsubishi Electric for the supply of IGBT conductors. Can we say that this HVDC order will have a relatively lower gross margin than LCC HVDC, given that we will be sourcing some of the components, including the main semiconductor technology, from Mitsubishi Electric?

Management: These IGBTs that we source from Mitsubishi, or from any other supplier, are part of a standard model that we operate. That does not determine the margin of the component. For example, when we build a transformer, CRGO is sourced from an outside company. Similarly, in an HVDC system, IGBTs are sourced from outside, but the complete valve assembly is done by us. The design and manufacturing of the valve, including the IGBT, is done by us. Therefore, buying IGBTs from Mitsubishi has no role in determining the gross margin of the project.

Amitoj Singh – 361 Capital: Similarly, for LCC, we manufacture the converter valves, but do we also manufacture the thyristors, or are they sourced from international players or from the parent?

Management: We source the thyristors from outside, just as we source IGBTs. However, the thyristor valve as a unit is manufactured by us. The assembly is done by us.

Amitoj Singh – 361 Capital: Got it, sir. Thank you very much for taking my questions.

Management: Thank you.

Operator: Thank you. The next question is from the line of Jainam Vora from Saltoro Investments. Please go ahead.

Jainam Vora – Saltoro Investments: Congratulations on a great set of numbers. My question is regarding the export opportunity. Having done exports to related parties as well as other customers, I wanted qualitative as well as quantitative color on how different it is for an Indian company to export to markets abroad, particularly the US. Is there a difference in terms of certification, timelines, or approvals? Some color would be very helpful.

Given the current demand-supply imbalance, is there a different approach compared with what you saw perhaps 5 years ago? That would also be helpful.

Management: I will not be able to comment on what was happening 5 years ago. However, if you want to export anything to European or American customers, it definitely requires approval of the factory and other aspects from the customer's side. I think that is the most important starting point.

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It will also depend on whether you are working for a utility or a data center. If you are working for a data center and the equipment is going into the data center itself, it will depend on how flexible the customer is in terms of technical requirements. However, when you work with utilities, they are very strict about following the technical requirements.

This also depends on the equipment and the type of customer and the requirements for approval. It is not a one-stop solution.

Jainam Vora – Saltoro Investments: In terms of the biggest bottleneck right now, the numbers are solid, the inflow is there, and we have won the L1 bid as well. I am trying to understand what the biggest bottleneck is that the company is facing as it continues to move forward with its growth ambitions. Is it the supply chain, skilled workforce, or something else? Some color would be helpful.

Management: Obviously, the supply chain remains a challenge, and teams continue working to mitigate it. First, global demand is quite high, and second, geopolitical disturbances continue to emerge. So, yes, the supply chain today is one of the factors that can have a very severe impact on operations.

Jainam Vora – Saltoro Investments: So, in your opinion, that would be the number-one risk. My last question is on the GEC-III approval recently given by the government. While you did provide some perspective on the intra-state opportunity, from a broader perspective, how large is the opportunity or TAM that opens up for you? While it may be difficult to provide an annual view, what does it mean for a company like ours from a medium- to long-term perspective?

Management: If you had seen that we recently held an investor meet in Mumbai, we uploaded the presentation at that point. Our guidance on the market remains the same. A large part of the GEC-III corridor is already covered under the electricity plan issued by CEA. So...

Jainam Vora – Saltoro Investments: Understood. Thank you. Congratulations, and all the very best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Sameer Thakar from Ambit Capital. Please go ahead.

Sameer Thakar – Ambit Capital: Hi, thanks for taking my question again. I have just one question. You mentioned that there is slight pressure on pricing. Is that on new orders? Copper prices have increased by more than 50% in 1 year, and I thought order pricing should have improved by at least 15% to mitigate that impact. I wanted to check this aspect.

Management: I was talking about the situation after taking everything into account. There is slight pressure.

Sameer Thakar – Ambit Capital: Understood. Just one more, if I may. In earlier calls, you mentioned base orders of 70 to 80 billion for the year. Is that still intact, or do you want to increase the target for the year considering the H1 performance?

Management: No, we would like to maintain it.

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Sameer Thakar – Ambit Capital: Thank you, and all the best for next quarter.

Operator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal – HDFC Securities: Thank you for the follow-up. In the past, I think Sushil used to say that export orders have margins almost 500 basis points higher. Two quarters have passed, so has there been any change in the spread? Are export orders more profitable now compared with domestic orders? Any color on that?

Management: Parikshit, broadly, the trend remains the same. Export orders do remain at higher margins than domestic orders.

Parikshit Kandpal – HDFC Securities: Is it right to assume that the current order book of more than 23,000 crores will carry mid-20s margins, excluding HVDC, which is currently L1?

Management: Parikshit, there have been a few questions in the past and during this call regarding gross margin, EBITDA, and so on. Your question is now about the margin of the backlog, so I will answer it differently.

We have been growing at more than 30% over the last 3 to 4 years. If you look at our backlog of 214 billion, plus our HVDC L1 position, we already have a very strong order book. Going forward, over the next 3 to 4 years, we can continue to grow similarly at more than 30%.

With that level of revenue execution, while we are expanding our factories, the capex is only 10 billion INR. With that small investment, we are able to execute this entire backlog.

This means that without looking at gross margin or EBITDA, significant operating leverage will be generated, and absolute earnings per share will grow significantly with the same amount of capital. Therefore, return on equity will remain high in the future, and EPS growth will continue with the increase in revenue.

I think stakeholders, analysts, and investors should consider absolute profitability and returns to shareholders in terms of return on equity, rather than the individual components, which largely include backlog margin or gross margin and so on.

Parikshit Kandpal – HDFC Securities: One bookkeeping question. Employee costs have increased this quarter. Were there any one-offs, or is this more of a trend now?

Management: Employee costs have been growing, but at a rate lower than revenue. To execute our backlog and grow revenue at 30% plus year-on-year, we have been adding people. There is also inflation, so there are increments and so on. These are the 2 normal business-operation factors. There is nothing exceptional in this number.

Parikshit Kandpal – HDFC Securities: Just one last question. Earlier, we used to see bulk ordering from Power Grid. We have won a couple of large packages, upwards of 600 to 1,000 crores. Do you see any future pipeline building there?

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Management: Power Grid regularly comes out with tenders. However, that is based only on the TBCB pipeline.

Parikshit Kandpal – HDFC Securities: Understood. Thank you, and happy festivities. I look forward to connecting.

Management: Thank you. Same to you.

Operator: Thank you. The next question is from the line of Aditya Vikram from DB Securities. Please go ahead.

Aditya Vikram – DB Securities: Hi, sir. One last question. We have seen gross margin at 45% this quarter. I wanted to understand what has led to this outperformance. Is it the product mix or some form of operating leverage that will remain in place for the next 2 quarters as well?

Management: Thank you for your question. As I mentioned earlier, Aditya, quarter-on-quarter gross margins do vary.

Aditya Vikram – DB Securities: Okay.

Management: Overall H1 performance and that variation are driven by multiple factors. It could be operational execution, the mix of domestic versus export, projects versus products, different product combinations, and so on. The 45% performance is not exceptional. We delivered a similar gross margin in the last financial year as well. It is in line with the last financial year.

Last year, we delivered 27% EBITDA. This year, our H1 performance is more than 26%, which is in line with our guidance. So, there is nothing exceptional in what we are doing. However, the overall results are exceptional because we are an industry-leading company in terms of P&L performance and profitability.

Aditya Vikram – DB Securities: I completely understand what you are saying. I am not going to pursue this further. This is something that can be sustained for the next 2 quarters as well if you are maintaining your mid-20s EBITDA margin, right?

Management: Again, the mid-20s EBITDA that we normally guide is [laughs] going to be sustained, but I am not commenting on gross margin because, as I said, the different components within it keep changing.

Aditya Vikram – DB Securities: Absolutely, I understand that. I just wanted to see if there was anything that might persist. Thanks very much for clarifying. I appreciate it.

Operator: Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar – ICICI Securities: Hi. Thanks for the opportunity. My question is on the Pusauli HVDC expansion. If I remember correctly, the NCT has approved this 30 billion, 3,000-crore project. Have you heard anything from Power Grid about this project? I believe a significant part will be done by GE.

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Management: I was not able to hear you because your voice was breaking up.

Mohit Kumar – ICICI Securities: My question was on the Pusauli expansion, the Pusauli HVDC expansion. I think Power Grid was given the order, and we have already completed phase 1. For phase 2, I think we will have, or we will have, a substantial role to play. Have you heard anything from Power Grid? The total project cost was 3,000 crores.

Management: I think Pusauli 1 was executed by us sometime around 2000, if I am not mistaken, or 2003. So, it is more than 25 years old, or about 25 years old, and it has outlived its life.

The refurbishment order for that project has been given to Power Grid. Power Grid has initiated some discussions with us, but there is nothing concrete at this stage.

Mohit Kumar – ICICI Securities: Understood. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Megha Gupta for closing comments.

Megha Gupta: Thank you all for joining the call 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 remain committed to maintaining transparent communication and fostering strong relationships. If you have any follow-up questions, please feel free to reach out to me. Thank you.

Operator: Thank you very much. On behalf of GE Vernova T&D India Ltd., that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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