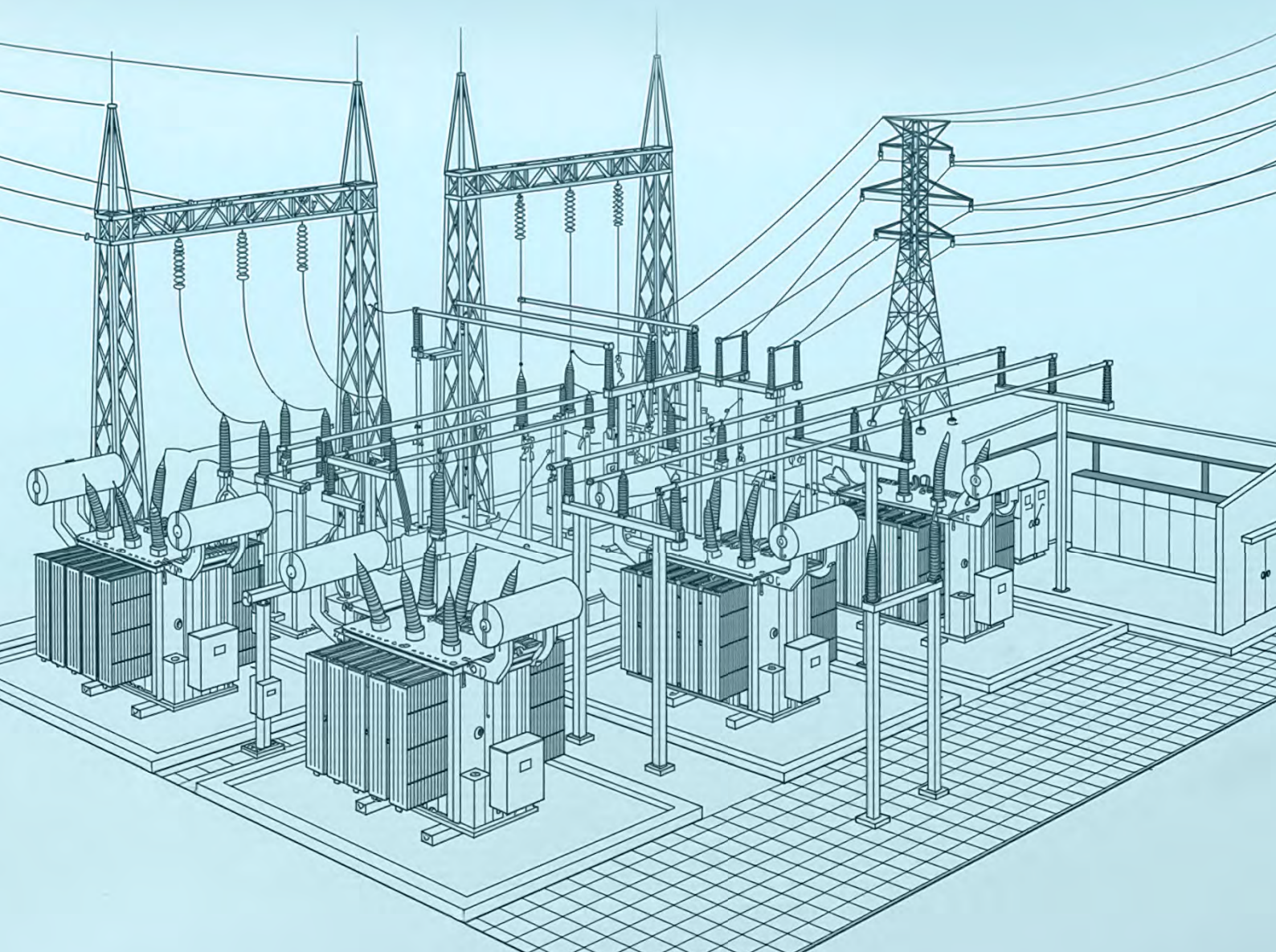


GE VERNOVA T&D

Grid Capex “Supercycle” – long way to go; Initiate “Add”



GE Vernova T&D

Grid Capex “Supercycle” – long way to go; Initiate “Add” with TP of Rs. 3,200

We initiate coverage on GE Vernova T&D (GVTD) – with a “Add” rating and a TP of Rs. 3,200 due to following key reasons: 1) Sharp increase in energy installations to require acceleration in transmission network installations, 2) Domestic electrification market to incur capex of \$50bn during 2025-30, 3) Global T&D market seeing once in half a century opportunity, 4) Current orderbook of Rs. 131bn provides revenue visibility for the next 2 years, 5) Revenues to grow at >30% CAGR during FY25-28; EBITDA margins to expand further supported by better gross margins amidst higher exports as well as operating leverage.

Sharp increase in energy installations to require acceleration in transmission network installations: The government targets installed capacity to reach 900 GW by 2032, implying additional installations of 400GW over the next 7 years. This increase needs to be supported by sharp increase in power transmission network which is targeted to increase by 1,019 GVA to 2,409 GVA by 2032 from 1,390 GVA (as of Oct'25).

Domestic electrification market to incur capex of \$50bn during 2025-30...: GE Vernova T&D (GVTD) estimates domestic electrification market during 2025-27 to double to \$25bn (vs 2022-24: \$12.6bn) and remain on similar levels during 2028-30. The company estimates its addressable market to increase to \$9.8bn by 2030 (vs \$2.8bn in 2022) driven by opportunities in HVDC, STATCOMs, and AC Equipment.

...of which HVDC will form about 40% of capex: The market is anticipating at least 1-2 HVDC projects each year through 2030-32 – translating into 8-10 additional HVDC projects. GVTD anticipates market opportunity of \$20bn during 2025-30 (to be executed by 2035). Notably, Khavda-South Olpad is under tendering for developers while Barmer-South Kalamb is likely to come up next quarter.

Global T&D market seeing once in half a century opportunity: Global Power T&D market expected to double to \$175bn by 2030 from \$80bn during 2023 – led by sharp increase in transmission network and upgradation of existing network. Notably Europe is expected to incur a capex of €400-650bn over the next 5-6 years, of which €345bn will be spent by 15 largest TSOs there. We believe Europe provide significant export opportunities to GVTD as the production capacities of equipment suppliers in Europe are already stretched.

Current order book of Rs. 131bn provides revenue visibility for the next 2 years: Orders of Rs. 95-100bn are scheduled for execution over the next 2 years while remaining Rs. 30-35bn will be executed over 3-5 years. Exports contribute about 30% of the total order book.

Revenues to grow at >30% CAGR during FY25-28; EBITDA margins to expand further: We forecast sales to more than double by FY28 – translating into FY25-28 sales CAGR of >30% – led by execution of current orderbook and continued momentum in the T&D ordering. We see huge opportunities in exports to Europe and Middle East. EBITDA margin is set to further expand by 300-400bps supported by slight gross margin expansion and operating leverage.

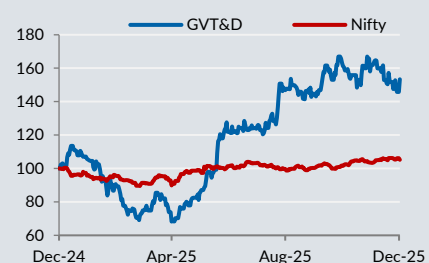
Initiate “Add” with TP of Rs. 3,200: We value GVTD based on FY28 PE multiple of c50x, giving us the target price of Rs. 3,200 per share. The multiple reflects strengthening financials (>30% sales growth CAGR during FY25-28 and margin expansion). At current price of Rs. 2,913, the stock trades at FY26/27/28 PE multiple of 67x/57x/46x.

Reco	: ADD
CMP	: Rs 2,913
Target Price	: Rs 3,200
Potential Return	: +10%

Stock data (as on Dec 9, 2025)

Nifty	25,840
52 Week h/l (Rs)	3,324/ 1254
Market cap (Rs/USD mn)	705,920 / 7,857
Outstanding Shares (mn)	256
6m Avg t/o (Rs mn):	1,732
Div yield (%):	0.2
Bloomberg code:	GVTD IN
NSE code:	GVT&D

Stock performance



	1M	3M	1Y
Absolute return	-5.2%	7.2%	49.9%

Shareholding pattern (As of Jun'25)

Promoter	51.0%
FII+DII	41.4%
Others	7.7%

Financial Summary

(Rs mn)	FY25A	FY26E	FY27E
Net Revenue	42,923	59,481	76,447
YoY Growth	+35%	39%	29%
EBIDTA	8,187	15,077	17,659
EBIDTA (%)	19.1	25.3%	23.1%
PAT	6,083	11,190	13,135
YoY Growth	236%	84%	17%
ROE	34%	40%	35%
EPS	23.8	43.7	51.3
P/E	65	67	57
BV/Share	69	108	148
P/BV	22.4	27.0	19.6
EV/EBITDA	47.2	48.6	41.1

ANIKET JAIN

Lead Analyst

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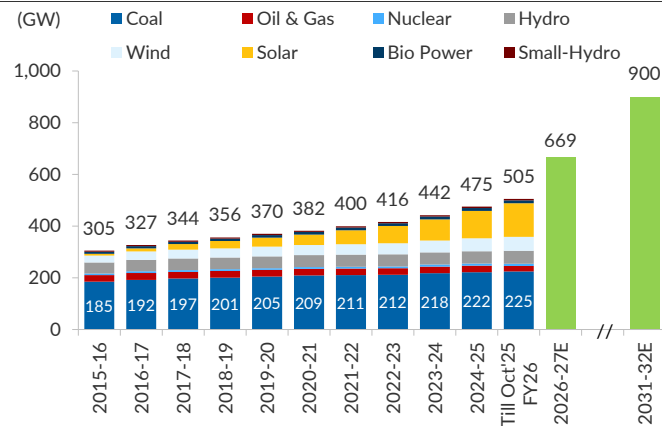
HARDIK, Associate

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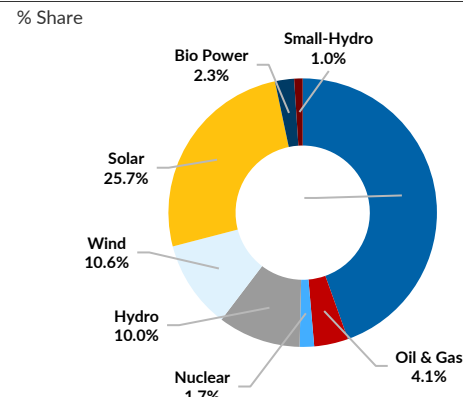
STORY IN CHARTS

Exhibit 1: India's total energy installed capacity to grow over 80% by 2032 (as on 31st Oct 2025)



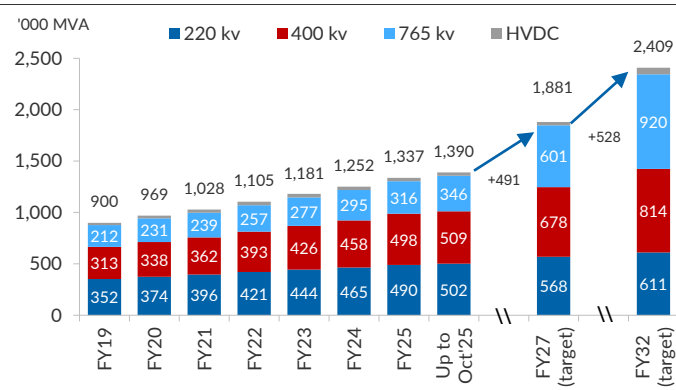
Source: CEA, YES Sec

Exhibit 2: Renewable energy is about 50% of total installed capacity



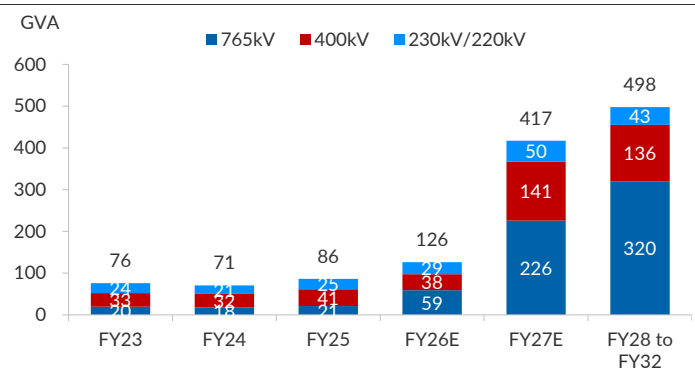
Source: CEA, YES Sec

Exhibit 3: Transformation capacity to grow by c70% by 2032



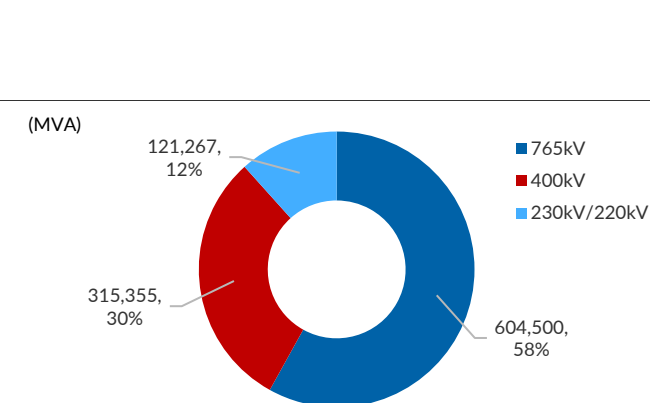
Source: CEA, YES Sec

Exhibit 4: 765kV transformation capacity to increase by over 600 GVA during FY26 and FY32...



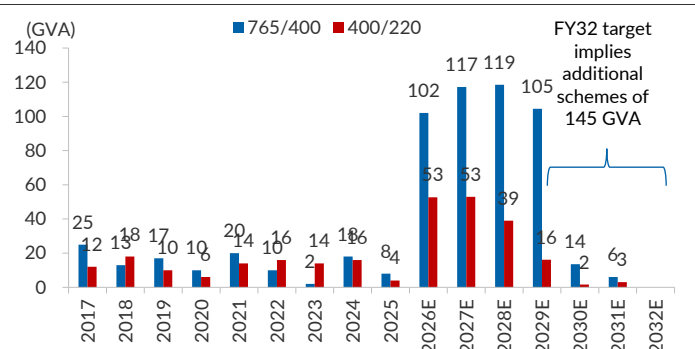
Source: CEA, YES Sec

Exhibit 5: ...implying c60% of total capacity additions



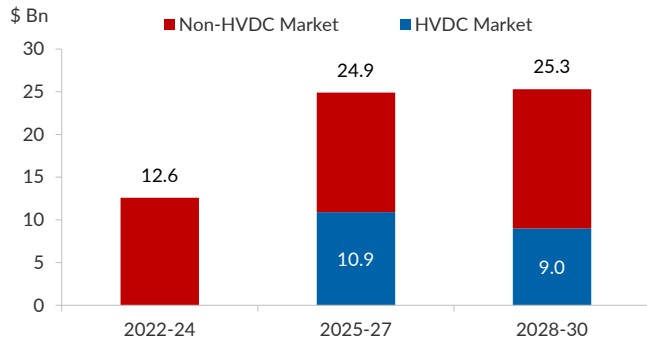
Source: CEA, YES Sec

Exhibit 6: Sharp increase in 765/400kV and 400/220kV transformers over the next 3-4 years; targets imply additional schemes of 145 GVA to reach target of 1,281 GVA by FY32



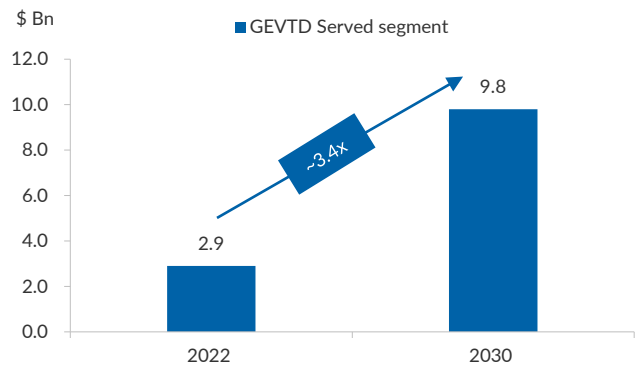
Source: CTUIL, NEP II, CEA, YES Sec

Exhibit 7: Investments of \$50bn seen during 2025-30



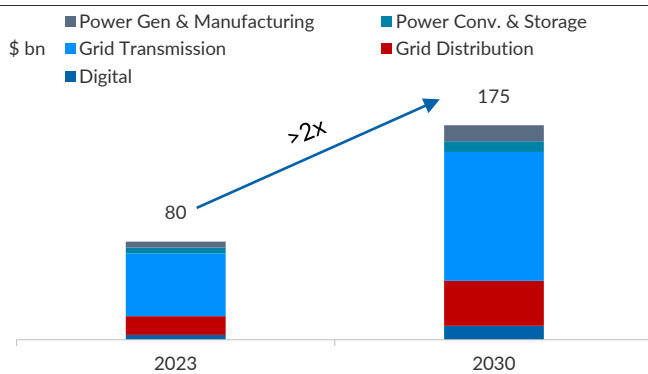
Source: Company, YES Sec

Exhibit 8: GVTD's served segments to reach \$9.8bn by 2030



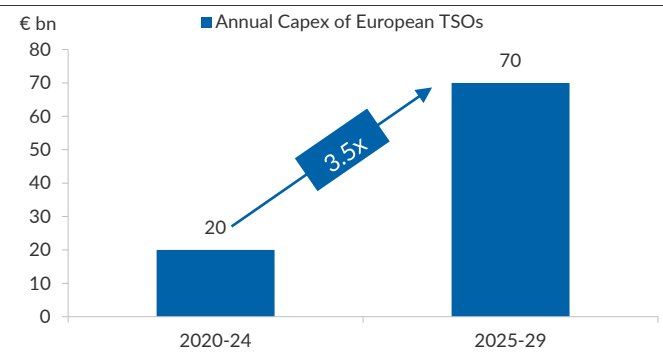
Source: Company, YES Sec

Exhibit 9: Global T&D markets are set to more than double by 2030



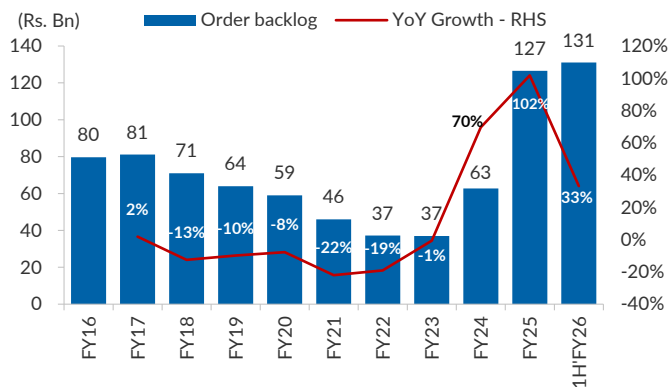
Source: Company, YES Sec

Exhibit 10: 15 largest European TSOs to more than triple their spending



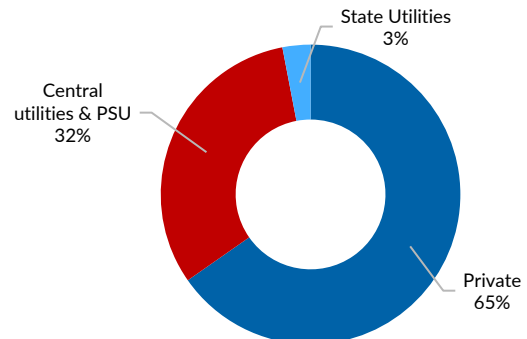
Source: S&P Capital IQ, YES Sec, YES Sec

Exhibit 11: Orderbook of Rs. c131bn: Rs. 95-100bn to be converted to revenues over the next 18-24 months



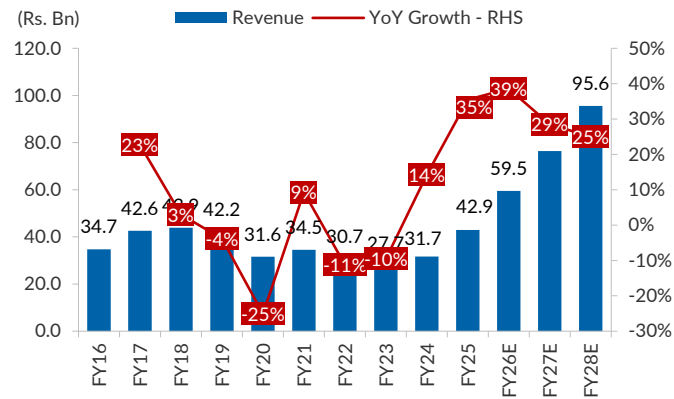
Source: Company data, YES Sec

Exhibit 12: Private customers account for about 2/3rd of total backlog while central utilities & PSU is about 1/3rd



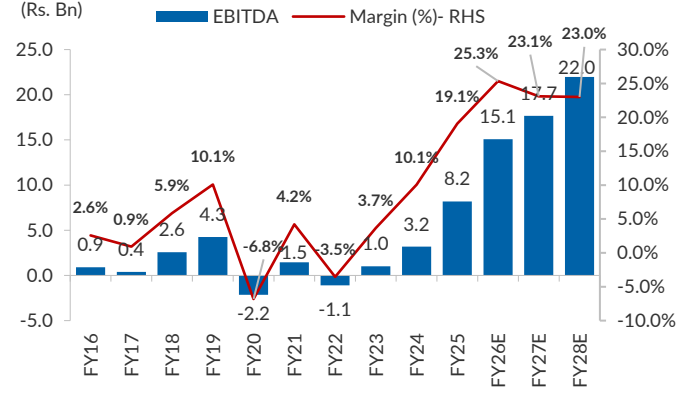
Source: Company data, YES Sec

Exhibit 13: Revenues to grow at CAGR of >30% over FY25-28



Source: Company data, YES Sec

Exhibit 14: EBITDA Margins to improve by c300-400bps by FY28



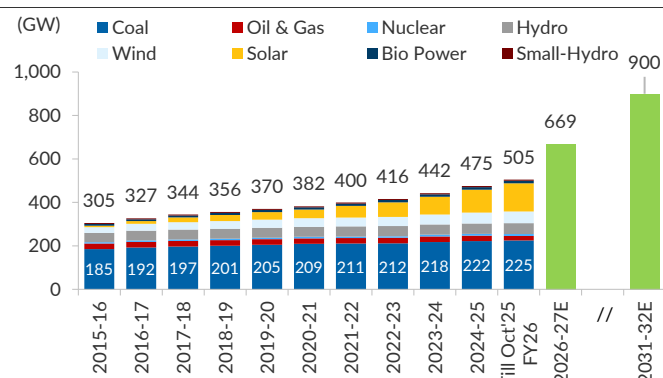
Source: Company data, YES Sec

INVESTMENT THESIS

Sharp increase in energy installations...

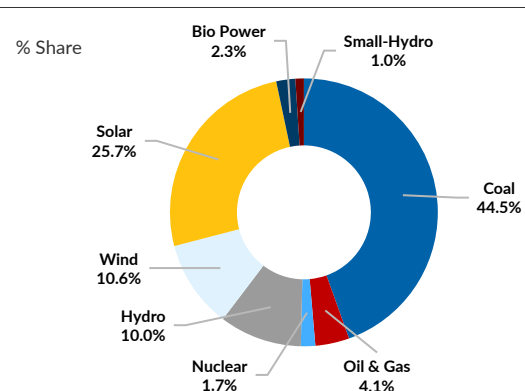
Additional installations of over 400GW over the next 7 years: India has made significant progress in its power infrastructure over the last 10 years with installed capacity increasing from 305GW in 2015-16 to 505GW as of Oct'25. The government targets the installed capacity to reach 900 GW by 2032, implying c400GW of additional installation over the next 7 years.

Exhibit 15: India's total installed capacity to increase by c80% over the next 7 years



Source: CEA, YES Sec

Exhibit 16: Renewable energy is about half of total installed capacity in India

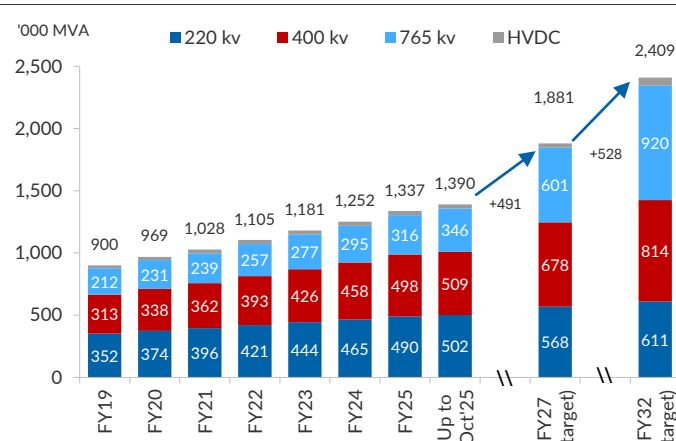


Source: CEA, YES Sec

...to require acceleration in transmission network installations

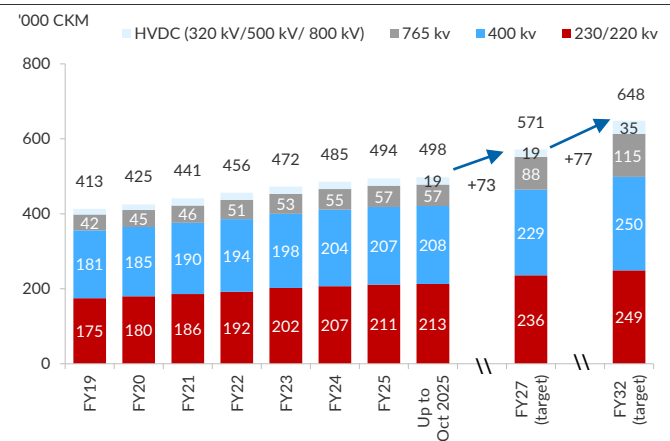
Need to expand transmission network and transformation capacity rapidly: As a rule of thumb, transmission network should be available for evacuation of power as soon as the power plant is ready. As per NEP II, the country needs 1,881 GVA of transformation capacity (220kv and above; both ISTS and In-STs) by 2027 and 2,409 GVA by 2032 vs 1,390 GVA as of Oct'25. This implies additional transformation capacity of 1,019 GVA over the next 7 years of which 491 GVA is targeted over the next 1.5-2 years (as per target of 1,881GVA by FY27) and 528GVA over FY27-32.

Exhibit 17: Transformation capacity (220kv and above) to grow c70% over the next 7 years



Source: CEA, YES Sec

Exhibit 18: Transmission lines network to grow c30% over the next 7 years

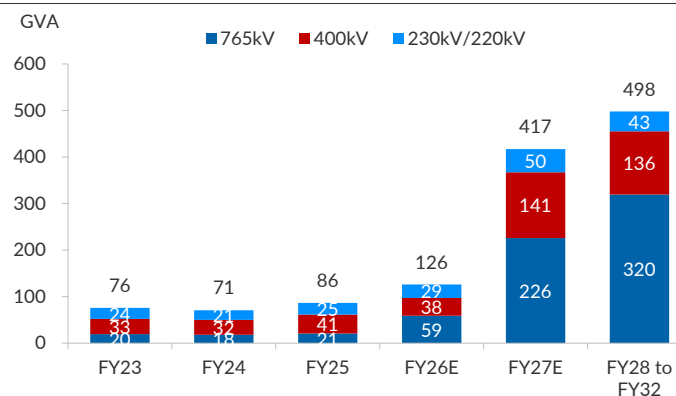


Source: CEA, YES Sec

765kV and 400 kV to form about 90% of transformation capacity additions during FY26 and FY32

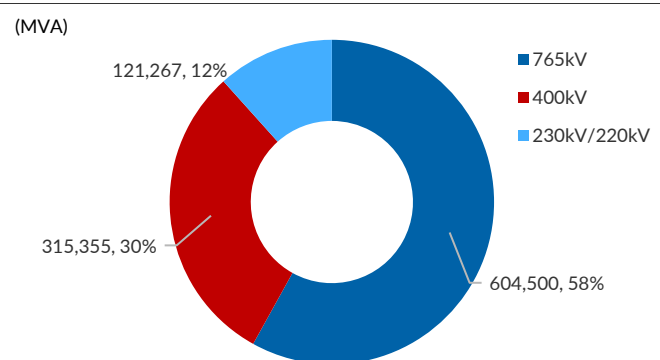
765kV to form about 60% of total installations during FY26 to FY32 while 400 kV to form about 30%: As per CEA targets, over 1,000 GVA transformation capacity (both ISTS and In-STs) will be added during FY26 and FY32, of which c600 GVA or 58% will be 765kV, while 400kV will be c315 GVA (c30%) and remaining will be 220/230kV (c121 GVA; 12% of additional transformation capacity).

Exhibit 19: 765kV transformation capacity to increase by over 600 GVA during FY26 and FY32...



Source: CEA, YES Sec

Exhibit 20: ...implying c60% of total capacity additions

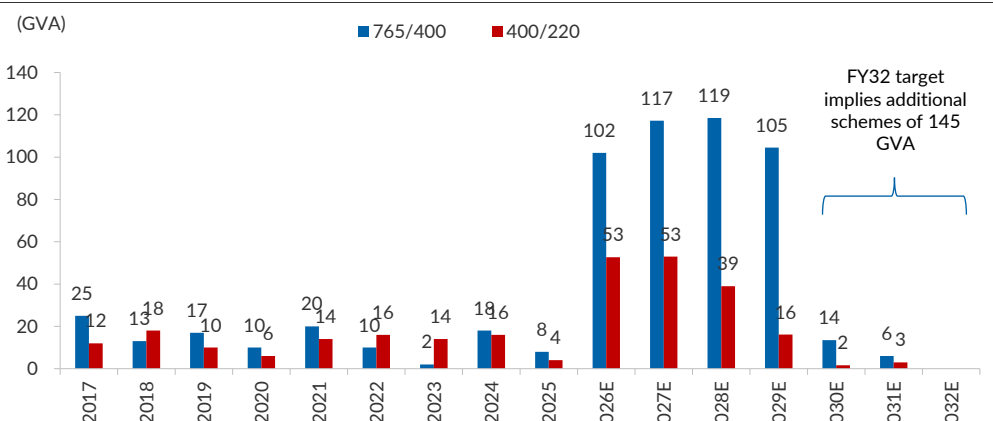


Source: CEA, YES Sec

ISTS rolling plan indicates very sharp increase over the next 3 years: Data from ISTS rolling plan 2030-31 suggests a very sharp increase in 765/400kV transformers from just 10-25 GVA per year over the last 9 years to now 100-120 GVA per annum over the next 4 years. Similarly, 400/220kV transformer installations, which ranged in 0-15 GVA per annum, are now expected to increase to 40-55GVA over the next 3 years.

Targets imply additional schemes of 145GVA: Total ISTS transformation capacity is targeted to reach 1,281 GVA by FY32 (as per NEP II), however, the current schemes/estimates suggest that capacity will reach 1,135 GVA, indicating a potential for additional schemes of c145 GVA by FY32.

Exhibit 21: Sharp increase in 765/400kV and 400/220kV transformers over the next 3-4 years; targets imply additional schemes of 145 GVA to reach target of 1281 GVA by FY32



Source: CTUIL, NEP II, CEA, YES Sec

Elevated momentum in tendering to continue...: We believe that the elevated momentum in tendering will continue till FY27 amidst very strong demand. As supply of transformers is still constrained, PGCIL has started procuring transformers well in advance, although it is yet to win orders for installing those transformers.

PGCIL says “there is a shortage of some equipment like transformer, GIS, and HVDC equipment. For transformer, especially delivery time is more than one year because manufacturing and testing itself takes more than one year. So, what we are doing, we are procuring these transformers and reactors well in advance as bulk procurement and these procured transformers and reactors are allocated for various projects which we win in future so that this constraint of transformer supply is not there.”

...but risk of momentum normalization from FY28: As per the current plans, the transformation capacity additions will remain elevated at least until FY29 (>100GVA per annum), however, it is likely to fall to 50-60 GVA from FY30 onwards in case there is no spillover of installations from the prior years. These targets along with pre-ordering by PGCIL imply some risk to transformer ordering from FY29 onwards (as the lead time could reduce to 1 year).

Limited number of manufacturers of 765 kV and 400 kV transformers: There are just 8-10 widely known manufacturers of 765kV and 400 kV transformers including GE Vernova T&D, Siemens Energy (not covered), BHEL (not covered), Toshiba T&D, CG Power (not covered), TBEA Energy India, Hitachi Energy (not covered), Hyosung T&D India. The supply shortage provides manufacturers with some pricing power, which may sustain at least for a couple of years. However, GVTD in its latest call highlighted that pricing has stabilized now and is neither improving nor deteriorating

Exhibit 22: Number of EHV transformers manufacturers are limited

Company	Max Voltage Class
BHEL	765 kV, ±800 kV HVDC
GE T&D India	765 kV; HVDC
Hitachi Energy (ABB)	765 kV; HVDC
Siemens Energy India	765 kV; HVDC
Toshiba T&D India	765 kV
CG Power	765 kV
TBEA Energy India	765 kV; ±800 kV HVDC
Hyosung India	765 kV

Source: YES Sec

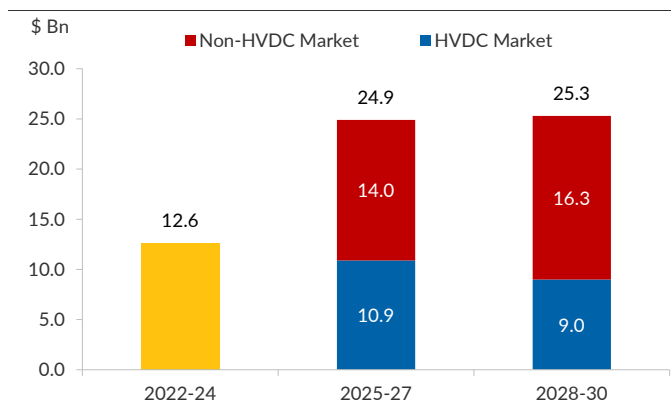
Higher competition in 220/230 kV transformers: The competition increases notably in 220/400kV transformer category with a lot of established companies including Transformers & Rectifiers India (not covered), Voltamp (not covered), EMCO, Andrew Yule, BGR Energy.

Domestic electrification market to incur capex of \$50bn during 2025-30...

Domestic electrification market to double during 2025-27: GE Vernova T&D estimates domestic electrification market to double during 2025-27 to \$25bn (vs 2022-24: \$12.6bn) and remain on similar level during 2028-30.

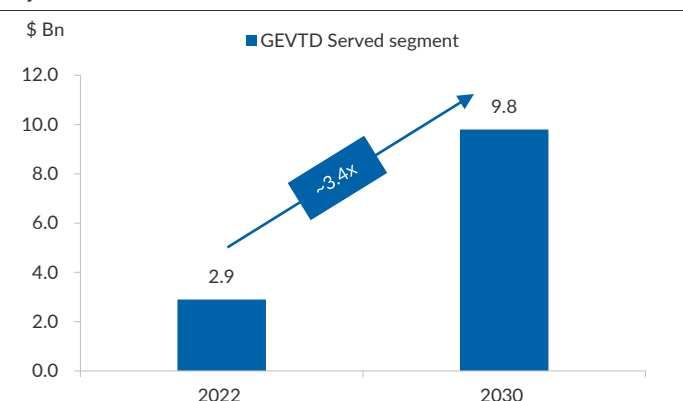
GVTD's addressable market to reach \$9.8bn by 2030: For GE Vernova T&D, the addressable market will more than triple during 2022-30 from \$2.9bn in 2022 to \$9.8bn in 2030. This growth will be driven by higher opportunities across HVDC, STATCOM, & AC Equipment.

Exhibit 23: Investments of \$50bn seen during 2025-30



Source: GVT D company presentation, YES Sec

Exhibit 24: GVT D served segments to reach \$9.8 billion by 2030



Source: GVT D company presentation, YES Sec

HVDCs to form c40% of overall capex

At least 1-2 HVDC projects are expected each year by 2032 – translating into Rs. 10-25k crore opportunity per annum.

At least 1-2 HVDC projects to come each year; capex of \$20bn during 2025-30: Considering the need to evacuate large amounts of renewable power over long distances, the government is evaluating at least 8-10 HVDCs by 2032 – providing total HVDC market opportunity (incl. substations and lines) of c\$20bn during 2025-32. Historically, HVDC projects have come at an interval of 3-5 years, however, given an acceleration in installation of power generation capacity, the market now expects 1-2 HVDC projects each year – which is likely to translate into opportunity pipeline of Rs. 10-25k crores each year, considering \$1-1.5bn revenue potential from each project.

Prior experience with LCC technology; parent company has VSC technology: GVT D has already proven its HVDC technology and project execution capacity with Champa-Kurukshetra Phase 1 and Phase 2 (based on LCC) with 6,000 MW HVDC carrying capacity. The company is currently increasing its HVDC valve production line – that will help manufacturing LCC valves and VSC valves. For upcoming VSC projects, GVT D will be leveraging its parent company's technology (parent company has executed VSC HVDC project in Europe) and may go for further localization.

Khavda-South Olpad under evaluation; Barmer-South Kalamb project to come next quarter: Bids for Khavda-South Olpad is under evaluation while tender for Barmer South Kalamb for developers is expected to come in the next quarter.

Exhibit 25: HVDC transmission projects

Name	Tentative cost (INR)	Tentative Technology	Awarding/ Bidding	Owner	Equipment provider	Transmission Capacity (MW)	Length of transmission line (cKm)	Voltage rating (Kv)	Region (States)	Likely Completion
Bhadla-Fatehpur HVDC	25k Cr	LCC	Awarded in FY25	AESL	Hitachi Energy and BHEL	6,000	950	± 800	Bhadla (Rajasthan) to Fatehpur (UP)	2029 (4.5 Years)
Khavda Nagpur HVDC	35k Cr (as per PGCIL)	LCC	Awarded in FY25	PGCIL	On a consortium of BHEL and Hitachi Energy India Ltd, for the HVDC terminal stations.	6,000	1200	± 800	Khavda, Gujarat, to Nagpur, Maharashtra	May-29
KPS III HVDC (Khavda South Olpad)	18-20k Cr (as per PGCIL)	VSC	Likely to be awarded in FY26	Bid submitted; e-RA pending	TBD	2,500	600	±500kV	Khavda (Gujarat) and South Olpad (Gujarat)	TBD
Barmer-South Kalamb HVDC	28-30k Cr (as per PGCIL)	LCC	Likely to be awarded in FY26	Already approved in NCT. Will be up for bidding around Nov-Dec'25	TBD	6,000	900	± 800	Barmer (Rajasthan) to South Kalamb (Maharashtra)	TBD
Bikaner V to Begunia HVDC	n.a.	n.a.	To be bid 2-3 years)	n.a.	n.a.	6,000	n.a.	± 800	Bikaner (Rajasthan) to Begunia (Odisha)	2029-30 (Exp)
Paradeep to Andaman	n.a.	n.a.	To be bid 2-3 years)	n.a.	n.a.	250 MW (Can be extended upto 2 GW)	n.a.	±320kV	Paradeep, Odisha to the Andaman and Nicobar Islands	n.a.
Imphal to Myanmar, Back to Back HVDC	n.a.	VSC	To be bid 2-3 years)	n.a.	n.a.	500	n.a.	n.a.	Imphal (India) and Tamu (Myanmar)	n.a.
India - Sri Lanka HVDC	9,900 Cr (Projected)		To be bid 2-3 years)	n.a.	n.a.	1,000	285	±320kV	Tamil Nadu, India to Anuradhapura in Sri Lanka	n.a.

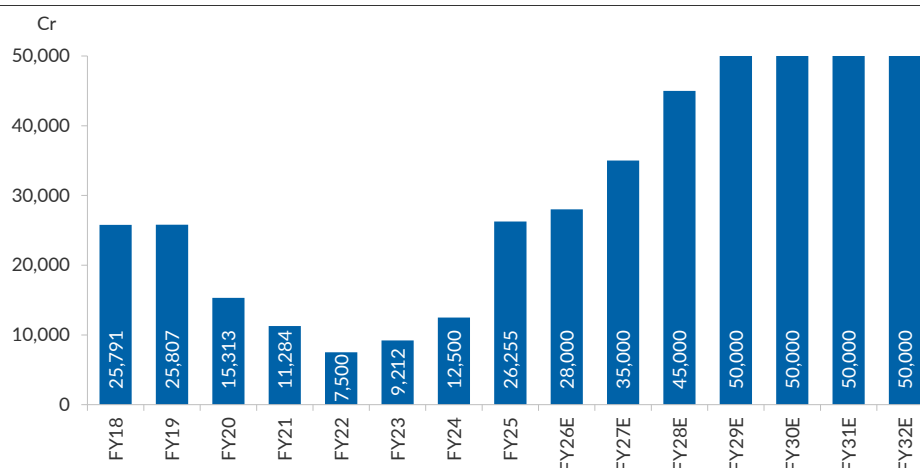
India will see a balance of LCC and VSC HVDCs: There are primarily two technologies involved in HVDC – 1) LCC (Line Commutated Converter) and 2) VSC (Voltage Source Converter). India's HVDC transmission systems have been historically dominated by LCC systems due to cost efficiency, lower converter losses and higher power ratings up to 12 GW. However, the landscape is now evolving with gradual entry of VSC technology, which is more expensive, but offers dynamic reactive power support, independent active power control and significantly smaller footprint. We believe that India will see a balance of LCC and VSC based HVDCs considering different needs: 1) for inter-country connections, VSC will be preferred, while 2) for long-distance inter-region connection bulk transfer projects – LCCs will be preferred.

HVDC projects due for tendering: Several HVDC projects are under consideration including 1) Bikaner V to Begunia, 2) India-Sri Lanka, 3) Paradeep to Port Blair, 4) Imphal to Myanmar.

PowerGrid to incur capex of over Rs. 3 lakh crores by 2032; Adani Energy sees bidding pipeline of about 1 lakh crores in the next 6-12 months

PowerGrid Corporation of India Ltd (PGCIL) noted this year that it will incur a capex of over Rs. 1 lakh crores during FY26 to FY28 with Rs. 28,000 crores in FY26, Rs35,000 crores in FY27 and Rs. 45,000 crores in FY28. The capex is estimated to exceed Rs. 3 lakh crores by 2032, implying an average capex of Rs. 50,000 crores per annum during FY29 to FY32.

Exhibit 26: PGCIL to incur capex of over Rs. 3 lakh crores during FY26 to FY32



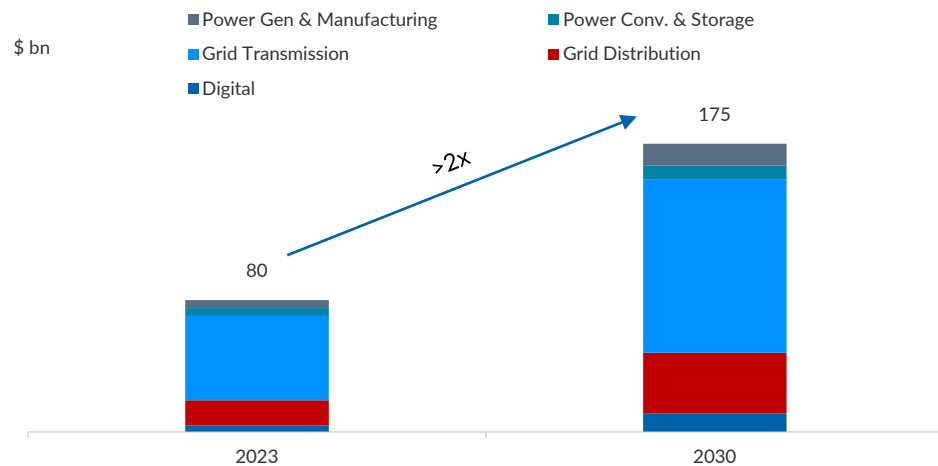
Source: PGCIL, YES Sec; *PGCIL will incur capex of Rs. 2 lakh crores over FY29-32, thus we have assumed average capex of Rs. 50k crores per annum

Adani Energy (not covered) noted that there is upcoming bidding pipeline of about Rs. 96.4k crores will be tendered over the next 6-12 months – providing significant opportunities for T&D equipment manufacturers.

Global transmission and distribution markets seeing once in a half a century expansion

According to GVTd, global power transmission market was \$80bn in 2023 and is set to more than double to \$175bn in 2030 – led by sharp increase in transmission network and upgradation of existing network.

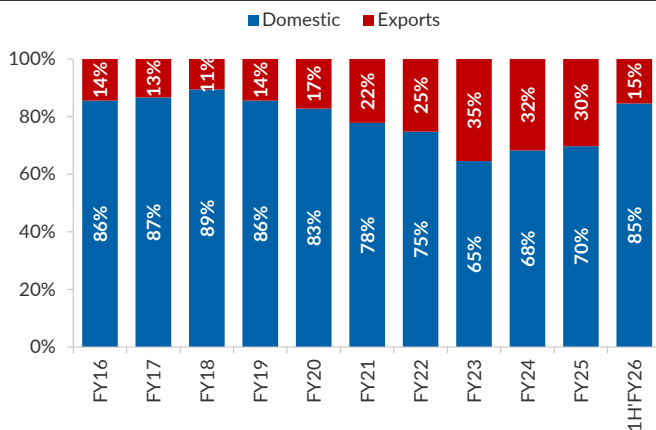
Exhibit 27: Global markets set to more than double by 2030



Source: Company, YES Sec

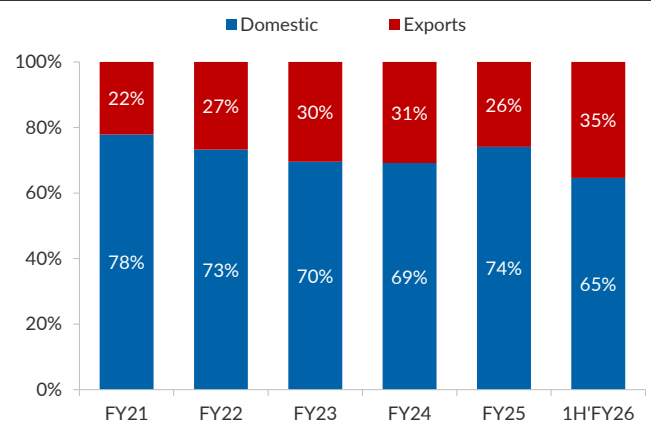
Expansion in global markets provides significant opportunities to GE Vernova T&D: The share of export orders have almost tripled over the last 6-7 years, rising from 11% in FY18 to 30% in FY25. The company has localized several products and solutions and is also serving the parent company from India. The company is also incurring a capex of Rs. 8bn to localize Air Core Reactors and Bushings. GVTD is set to benefit materially from its global exposure as the Indian factories provide some offset to already stressed production footprint of the parent at a lower cost.

Exhibit 28: Share of exports tripled to slightly below 1/3rd of total orders in FY25 from just c10% in FY18



Source: Company, YES Sec

Exhibit 29: While export revenues are now more than 1/3rd of total revenues – up from c20% in FY21



Source: Company, YES Sec

Exhibit 30: GVTD is able to leverage GE Vernova's product portfolio; localizing Bushings and Air Core Reactors as well

Business Lines	Products/ Technology	GE Vernova	GE Vernova T&D India	
Power Transmission	❖ Power Transformers	✓	✓	
	❖ Reactors	✓	✓	
	❖ HVDC Transformers	✓	✓	
	❖ GIS Equipment	✓	✓	
	❖ Circuit Breakers	✓	✓	
	❖ Current Transformers	✓	✓	
	❖ Capacitive voltage transformers	✓	✓	
	❖ AIS Wave Trap	✓	✓	
	❖ Instrument Transformer	✓	✓	
	❖ Disconnectors (Switches)	✓	✓	
	❖ Surge arrester	✓	✓	
	❖ Generator circuit breaker	✓	✓	
	❖ Bushings	✓	✓	➔
	❖ Capacitor	✓	✓	
	❖ Air core reactors	✓	✓	➔
Grid Automation	❖ Relays / C&R Panels	✓	✓	
	❖ SCADA	✓	✓	
	❖ Communications	✓	✓	
	❖ Asset Performance Management	✓	✓	
	❖ Intelligent Digital Substation	✓	✓	
Grid Systems Integrations	❖ Turnkey Substation Project office	✓	✓	
	❖ HVDC Substation	✓	✓	
	❖ STATCOM Projects	✓	✓	
	❖ Service and Spares	✓	✓	
	❖ Flexible alternating current transmission systems (FACTS)	✓	✓	
Electrification Software	❖ Digital Control Centre Platform	✓	✓	
	❖ Assembly & Integration	✓	✓	
	❖ Smart grid & Test Lab Facilities	✓	✓	

New production lines being setup for Bushings and Air Core Reactors

✓ Existing manufacturing and execution Capabilities at GE Ver T&D India Limited, under trademark and Royalty agreement with GE VERNOVA

✓ Procured from GE Vernova on case to case basis

✓ Projects executed in consortium with GE Vernova due to customer qualification criteria

Source: Company, YES Sec

Export opportunities to GVTD: Currently, GVTD exports mainly to Europe and Middle East, while the share of sales to the US is less than 1%. The company has mentioned that its circuit breaker products are not compatible in the US as it mainly produces live tank circuit breakers while the US usually installs dead-tank circuit breakers. GVTD caters to export markets through parent company as well as direct bidding.

Exhibit 31: Export reach



Source: Company, YES Sec

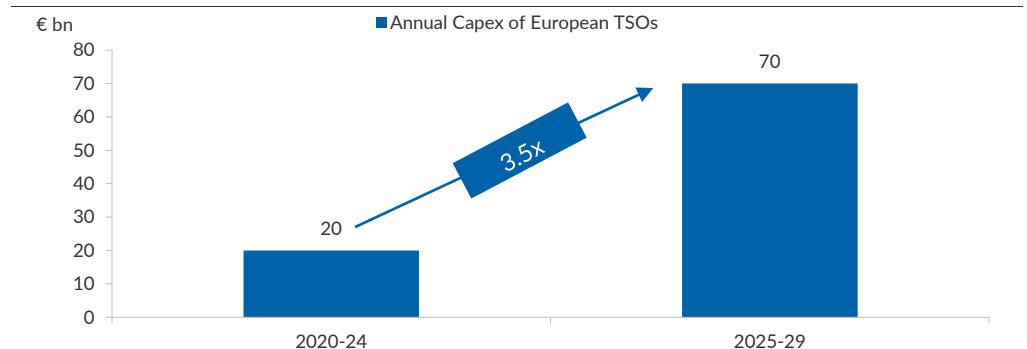
Europe – 15 largest TSOs to spend €345bn over the next 5 years

Existing grids nearing life: Europe not only needs to expand its electricity grid but also modernize its ageing infrastructure. Development of substantial HV network happened during 1950s to 1980s, making some lines up to 70 years old today – impacting their capacity and performance. Upgrading the transmission lines can increase their capacity to handle higher loads while modernizing and digitalizing grids will help integration of smart grid technologies, making grids more flexible to efficiently accommodate higher share of renewables.

Ongoing delays in grid development: Europe is currently facing significant delays in grid development, leading to increasing connection times. UK, Netherlands and Germany have the highest congestion levels with Italy, Spain, Portugal and France facing moderate congestion. TSOs are going for network refurbishments and upgrades over the coming decade. They are prioritizing non-wire solutions to urgently alleviate grid congestion. Current scenarios indicate that planned transmission network will likely be insufficient to meet 2030 renewable targets.

Largest 15 TSOs to spend €345bn during 2025-29: According to S&P Capital IQ, the 15 largest European Transmission System Operators (TSOs) plan to invest €345 billion between 2025-29, implying an investment of about €70bn per annum; this is over three times the amount spent in the previous five years. The ramp-up has already begun, with 2024 capex roughly 50% higher than in 2023.

Exhibit 32: 15 largest European TSOs to more than triple their spending



Source: S&P Capital IQ, YES Sec

Cumulative grid investments likely to range in €400-650bn through 2030: Various studies have been conducted to estimate the cumulative grid investments through 2030, however, the estimates have been quite broad with Eurelectric estimating €402bn, while European Roundtable for Industry (ERT, 2024) estimating €650bn.

Exhibit 33: Transmission investment estimates in Europe by different agencies (€ billions)

Study	Publication year	Period Assessed	Annual Distribution investments	Annual Transmission investments	Annual Interconnection investments	Total annual investment needs	Estimated cumulative investments to 2030
TYNDP 2024 Infrastructure gaps report (ENTSO-E, 2025)	2025	2025-30			5		
Eurelectric (2024a)	2024	2025-50	55-67			55-67	402*
European roundtable for industry (ERT, 2024)	2024	2021-30	39	24	2	65	650
Goldman Sachs (2024)	2024	2024-33	50	30		80	480**
European Commission's REPowerEU modelling (European Commission 2023b)	2022	2022-30				73	584

Source: S&P Capital IQ, YES Sec

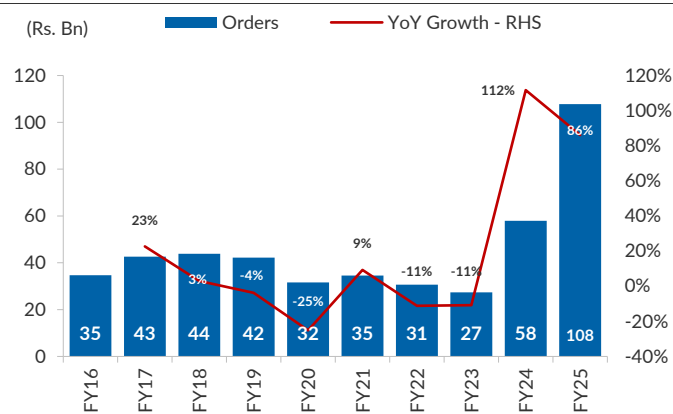
Current orderbook of Rs. 131bn provides revenue visibility for the next 2 years

Orders of Rs. 95-100bn are due for execution over the next 18-24 months

Robust OI, well-diversified order mix: Orderbook has more than tripled to Rs. 131bn since FY23 amidst very strong order intake. Orders of Rs. 95-100bn are due for execution over the next 18-24 months. Remaining orders of Rs 30-35bn have an execution cycle of 3-5 years. Private customers account for about 2/3rd of total backlog while central utilities & PSUs are about 1/3rd - providing more payment certainty; state utilities have marginal share of 3%.

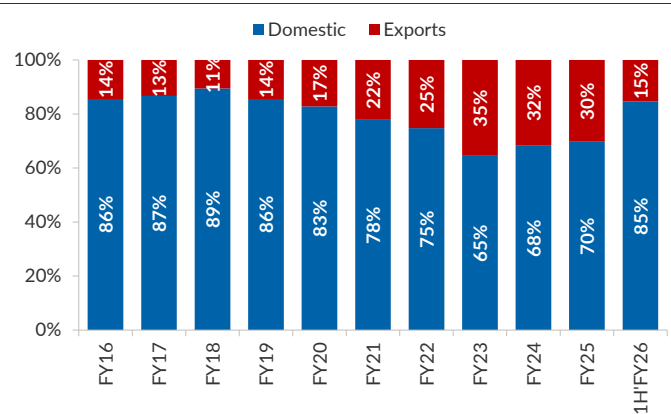
Furthermore, 2 HVDC orders are under tendering currently- providing significant order pipeline for the company. The company has previously delivered LCC projects while parent company has delivered a VSC project in Europe, giving it required the PQ to bid in both the technologies. Out of these 2 HVDC orders, Khavda-South Olpad is likely to be based on VSC technology while Barmer-South Kalamb HVDC will have LCC technology.

Exhibit 34: Orders grew sharply in FY24 and FY25 after declining in 4 of past 5 years



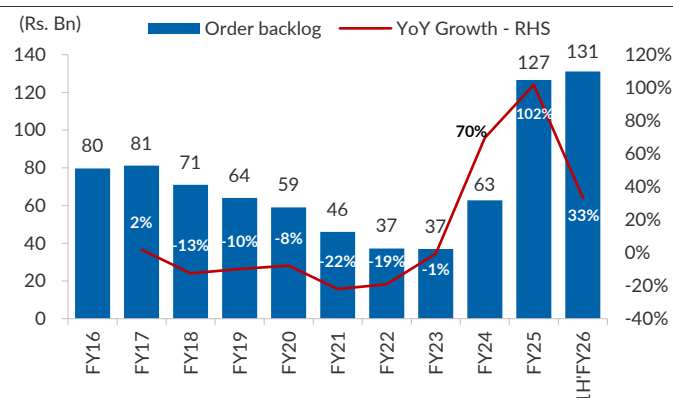
Source: Company data, YES Sec

Exhibit 35: Share of domestic orders increasing from FY24 - led by strong tendering activity in India



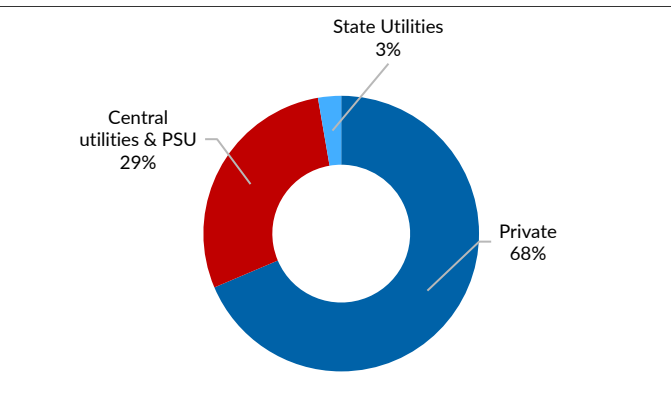
Source: Company data, YES Sec

Exhibit 36: Orderbook of Rs. c131bn: Rs. 95-100bn to be converted to revenues over the next 18-24 mths



Source: Company data, YES Sec

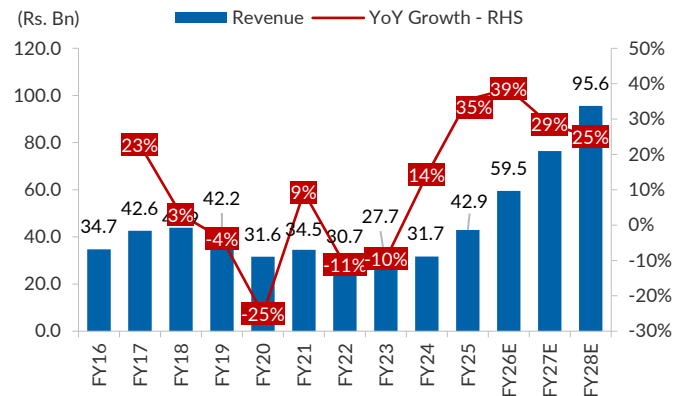
Exhibit 37: Private customers account for about 2/3rd of total backlog while central utilities & PSU is about 1/3rd



Source: Company data, YES Sec

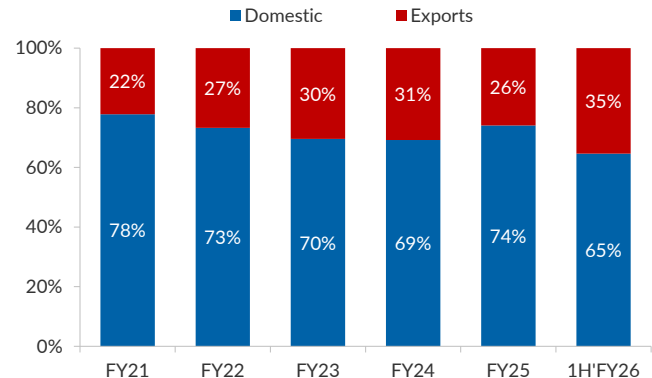
Revenues to grow at >30% CAGR over FY25-28: We forecast revenues to more than double to Rs. 96bn in FY28 (FY25: Rs. 43bn), implying a revenue CAGR of >30% - led by solid orderbook, continued tendering momentum in domestic and exports market. We also see upside risk to revenues if the company wins at least 1 HVDC order.

Exhibit 38: Revenues to more than double by FY28



Source: Company data, YES Sec

Exhibit 39: Share of exports remains in 25-35%; higher exports in H1'FY26 supported by one-off export order

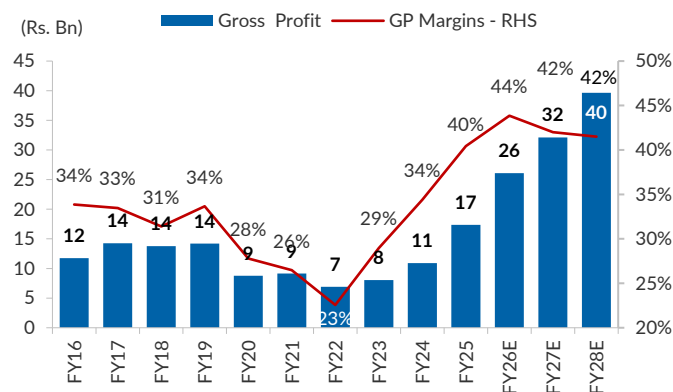


Source: Company data, YES Sec

EBITDA margins to expand by 300-400bps over FY26-28

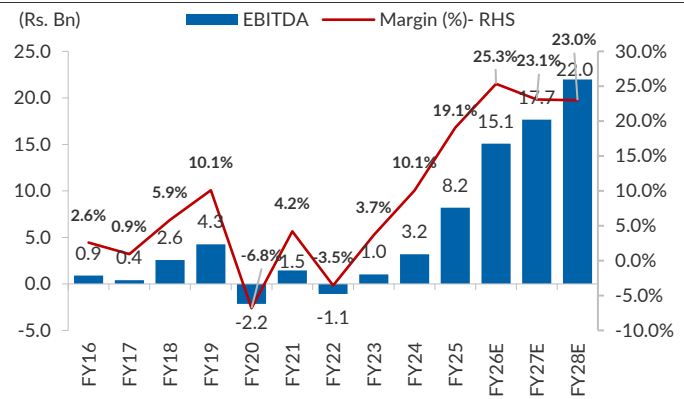
Further EBITDA margin expansion supported by higher gross margins and operating leverage.... EBITDA margins have seen a very sharp increase over the last couple of years rising from 3.7% in FY23 to 19.1% in FY25 on the back of 11pp increase in gross margins and about 4pp improvement from operating leverage. We see EBITDA margins to further improve by 300-400bps over FY26-28 (FY26: 25.3%; FY27 and FY28: c23%) - mainly supported by operating leverage and gross margin expansion amidst higher exports.

Exhibit 40: Gross Margins improved sharply to c40% after bottoming in FY22



Source: Company data, YES Sec

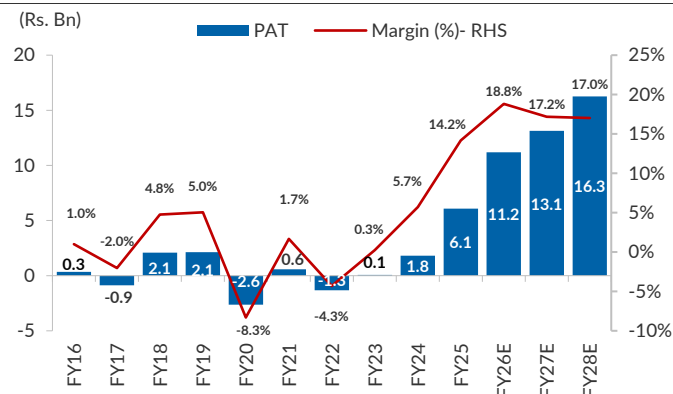
Exhibit 41: EBITDA Margins to improve further to 22-23% range during FY26-28



Source: Company data, YES Sec

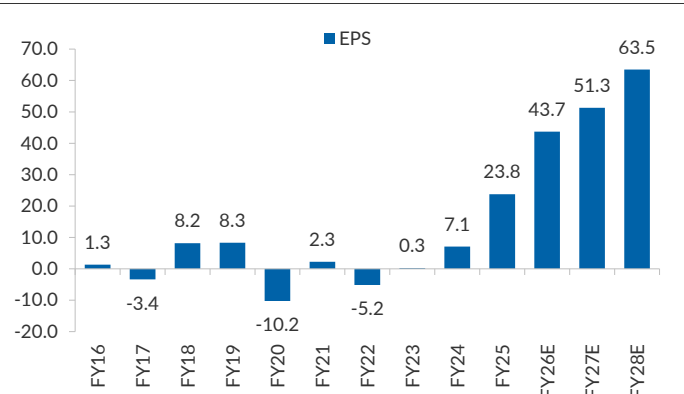
...leading to EPS FY25-28 CAGR of c40%; NP margins to expand c300bps: NP margins have mostly remained in single digit or even in negative trajectory over the last 10 years, however, FY25 saw a sharp improvement to 14.2% - led by improved EBITDA margins and higher other income. We think NP margins to improve further by c300bps to 17.0-17.5% range during FY27-28 - led by higher EBITDA margins whilst partially offset by higher depreciation and lower Other Income. This implies EPS CAGR of c40% during FY25-28.

Exhibit 42: Net Profit margin to stabilize in mid-teens range



Source: Company data, YES Sec

Exhibit 43: FY25-28 EPS CAGR of c40%



Source: Company data, YES Sec

Rs. 10.5bn capex to help de-bottleneck and ramp up manufacturing capacities

Capex of Rs. 8bn to expand transformer and reactors capacities, capex of Rs. 1.1bn to debottleneck and Rs. 1.4bn to produce LCC HVDC valves and VSC STATCOM valves: GVTD announced a capex of Rs. 8bn to expand its Transformers & Reactors capacities at Vadodara facilities and GIS and AIS products capacities at Padappai and Hosur locations; the facility is expected to become operational in 2028. This is in addition to Rs. 1.4bn capex announced in May this year to add new manufacturing line at existing facility in Chennai to produce LCC HVDC valves and VSC STATCOM valves; the facility is expected to become operational in early 2027. The company will also set up a new engineering and test lab in Noida to support design and system validation for LCC and VSC HVDC valves. The facility is expected to become operational by the end of 2025. The company is also incurring capex of Rs. 1.1bn over FY25 and FY26 to debottleneck existing facilities.

VALUATION AND VIEW

Initiate "Add" with TP of Rs. 3,200

We initiate on GE Vernova T&D with an "Add" recommendation and value the stock at Rs. 3,200 per share based on FY28 PE multiple of 50x. The current price of Rs. 2,913 imply FY26/FY27/FY28 PE multiple of 67x/57x/46x.

RISK TO INVESTMENT THESIS

1. Material slowdown in transmission tendering and awarding by the government
2. Delays in tendering of HVDC orders
3. Sharp increase in raw material prices
4. Increased competition

COMPANY OVERVIEW

About the company/brief overview

GE Vernova T&D India is the Indian subsidiary of GE Vernova Inc, with over 100 years of presence in India. The company offers a comprehensive portfolio covering products and services from medium to ultra-high voltage (up to 1200 kV), including power transformers, switchgears, FACTS devices, HVDC systems, substation automation, digital software, and turnkey projects. It has 5 manufacturing sites in India – Padappi, Pallavaram, Hosur, Noida and Vadodara.

Exhibit 44: Management Team

Rathindra Nath Basu

Chairman & Independent Director

- Mr. Rathindra Nath Basu was appointed as the Chairman and Independent Director on 16 Jan'24
- He has over 4 decades of experience in India's infrastructure sector, spanning power generation, T&D, large industry and transports
- Mr. Basu was appointed as the Country President and MD of Areva T&D India (GE T&D after M&As) in 2007; he was appointed as the Country President of Alstom India & South Asia as well as the Chairman of Alstom Power India (now GE Power) in 2014.
- He also served as the Chief Commercial Officer of GE Grid's global business from 2017 to 2019.
- He holds a B. Tech in Electronics and B.Sc. (Hons) in Physics from Calcutta University and completed the Advanced Management Program at INSEAD, France.

Sandeep Zanzaria

Managing Director & Chief Executive Officer

- Mr. Zanzaria was appointed as the MD and CEO of GE Vernova in Apr'23; he joined the company in 2017 to lead the commercial strategy for Grid Solutions in South Asia.
- He has over 33 years of experience in India's T&D sector. He has also worked with BHEL, Alstom T&D (served as MD of Project Business) and Schneider Electric (VP Projects for South Asia)
- He is a graduate in Electrical Engineering from Maulana Azad College of Technology (now NIT Bhopal). He also serves as a National Executive Member of IEEMA.

Sushil Kumar

Whole-time Director & Chief Financial Officer

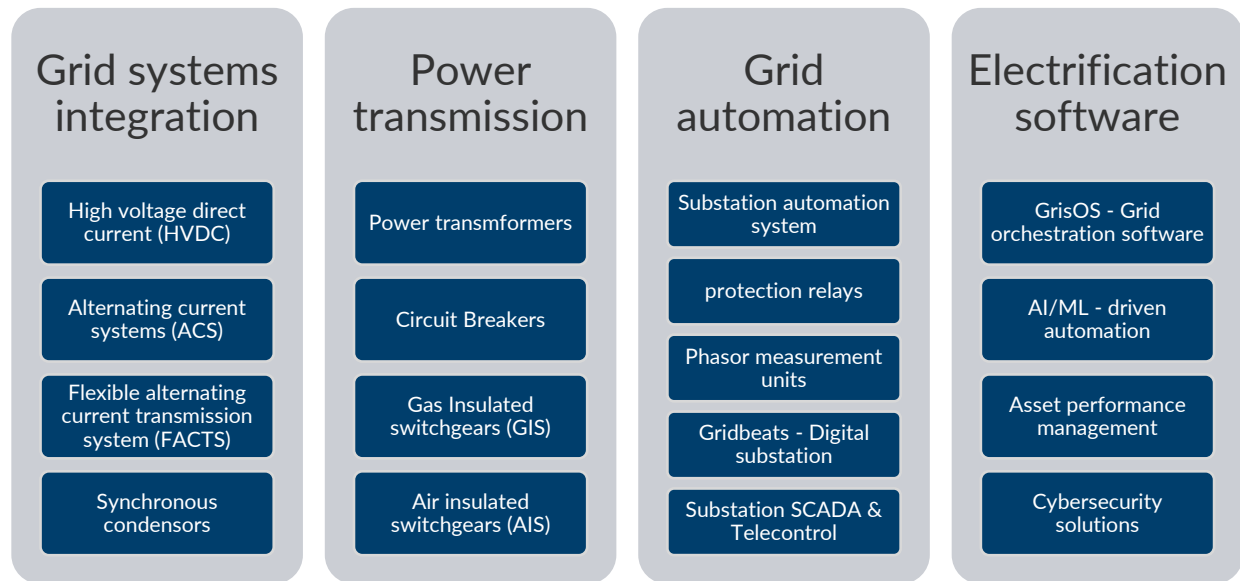
- Mr. Sushil Kumar was appointed as the CFO and Whole-time Director in Jan'22; he joined GE T&D India in 2010 and has led various finance domains including CFO, commercial finance, turnkey business, and strategy
- He is a Chartered Accountant and a commerce graduate from Shri Ram College of Commerce, Delhi University

Source: Company, YES Sec

Robust product offerings throughout the Transmission chain

Wide range of products and services: GE Vernova T&D has a wide portfolio of products and services throughout the Transmission chain ranging from grid system integration such as HVDC, ACS, FACTS to transformers, switchgear to grid automation and electrification software.

Exhibit 45: Wide range of product and services offerings



Source: Company, YES Sec

FINANCIALS TABLE

Exhibit 46: Ratio Analysis and Valuation multiples

Valuation multiples and ratios (Rs. Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Valuation multiples								
Price at period end	117	92	119	851	1,552	2,913	2,913	2,913
Market capitalisation	29,855	23,429	30,380	217,783	397,390	745,746	745,746	745,746
Net debt	2,559	1,435	2,265	-923	-4,383	-9,964	-16,335	-26,520
Minorities	0	0	0	0	0	0	0	0
Investments	-1,263	-1,840	-1,489	-2,640	-6,398	-2,379	-3,058	-3,822
EV	31,152	23,024	31,157	214,220	386,609	733,402	726,352	715,404
EV/Sales	0.9	0.8	1.1	6.8	9.0	12.3	9.5	7.5
EV/EBITDA	21.5x	-21.2x	30.7x	67.2x	47.2x	48.6x	41.1x	32.6x
EV/EBIT	39.2x	-13.8x	67.5x	79.7x	50.1x	50.1x	42.5x	33.8x
P/E	49.5x	-47.3x	n.m.	120.3x	65.3x	66.6x	56.8x	45.9x
Ratios								
Profitability ratios								
Gross margin	26.5%	22.6%	29.0%	34.4%	40.4%	43.9%	42.0%	41.5%
Adj. EBITDA margin	4.2%	-3.5%	3.7%	10.1%	19.1%	25.3%	23.1%	23.0%
Adj. EBIT margin	2.3%	-5.4%	1.7%	8.5%	18.0%	24.6%	22.4%	22.2%
PAT margin	1.7%	-4.3%	0.3%	5.7%	14.2%	18.8%	17.2%	17.0%
Payout ratio	0.0%	0.0%	0.0%	28.3%	21.0%	25.0%	25.0%	25.0%
Leverage ratios								
Net debt/Equity	0.1x	0.1x	0.2x	-0.1x	-0.3x	-0.4x	-0.4x	-0.5x
Net debt/EBITDA (adj.)	1.1x	-0.7x	1.7x	-0.4x	-0.6x	-0.7x	-0.9x	-1.2x
Interest coverage ratio	1.3x	-4.3x	1.1x	9.5x	53.9x	94.5x	110.4x	136.6x
Return ratios								
ROCE	6%	-13%	4%	21%	51%	65%	52%	48%
ROE	5%	-12%	1%	15%	34%	40%	35%	32%
FCF margin	-5%	1%	21%	-10%	-11%	8%	-2%	-4%
NWC days								
Receivable days	201	186	204	166	125	125	125	125
Inventory days	61	74	85	68	60	60	60	60
Payables days	118	132	140	102	87	90	90	90
NWC days	145	128	149	131	97	95	95	95

Source: Company, YES Sec

Exhibit 47: Income statement

(Rs. Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue from operations	34,524	30,660	27,732	31,679	42,923	59,481	76,447	95,559
y/y growth (%)	9%	-11%	-10%	14%	35%	39%	29%	25%
Gross profit	9,139	6,918	8,034	10,900	17,356	26,085	32,108	39,657
Margin (%)	26.5%	22.6%	29.0%	34.4%	40.4%	43.9%	42.0%	41.5%
Adj. EBITDA	1,452	-1,088	1,016	3,190	8,187	15,077	17,659	21,978
Margin (%)	4.2%	-3.5%	3.7%	10.1%	19.1%	25.3%	23.1%	23.0%
Adj. EBIT	795	-1,667	462	2,688	7,714	14,642	17,109	21,168
Margin (%)	2.3%	-5.4%	1.7%	8.5%	18.0%	24.6%	22.4%	22.2%
Interest	594	387	420	283	143	155	155	155
PBT	893	-694	267	2,631	8,197	14,957	17,514	21,671
Tax	290	-199	282	820	2,113	3,767	4,378	5,418
Net profit	577	-1,322	70	1,810	6,083	11,190	13,135	16,253
Margin (%)	1.7%	-4.3%	0.3%	5.7%	14.2%	18.8%	17.2%	17.0%
EPS	2.36	-1.94	-0.06	7.07	23.76	43.70	51.30	63.48
y/y growth (%)		n.m.	n.m.	n.m.	236%	84%	17%	24%
DPS	0.0	0.0	0.0	2.0	5.0	10.9	12.8	15.9

Source: Company, YES Sec

Exhibit 48: Cash flow statement

(Rs. Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Net profit before tax	893	-694	267	2,631	8,197	14,957	17,514	21,671
D&A	657	579	554	502	473	436	551	811
Others	836	82	348	1,334	459	-286	-375	-473
Changes to working capital	918	346	-1,258	926	1,962	-1,231	-119	-134
Direct tax paid	-198	-230	-285	-209	-2,055	-3,767	-4,378	-5,418
Cash flow from operations	3,106	83	-374	5,184	9,036	10,109	13,192	16,457
PPE	138	-249	-164	-292	-874	-3,034	-3,899	-2,962
Movement in deposits and interest	-14	1	93	-1,432	-4,084	-59	30	128
Others	0	1,406	101	0	0	0	0	0
Cash flow from investing activities	123	1,158	30	-1,724	-4,958	-3,093	-3,868	-2,834
Increase/(decrease) in borrowings	-2,684	-578	564	-2,194	-4	0	0	0
Payment for lease liabilities (including interest)	-141	-216	-172	-155	-154	0	0	0
Finance cost paid	-414	-231	-306	-238	-20	-155	-155	-155
Others	0	0	0	0	-512	-1,280	-2,798	-3,284
Cash flow from financing activities	-3,239	-1,025	86	-2,587	-691	-1,435	-2,953	-3,439
Net increase/(decrease) in cash and cash equivalents	-10	216	-258	873	3,388	5,581	6,371	10,184
Cash at the beginning of the year	499	489	708	447	1,320	4,712	10,293	16,665
Impact of foreign exchange on cash and cash equivalents	1	3	-3	-1	5	0	0	0
Cash at the end of the year	489	708	447	1,320	4,712	10,293	16,665	26,849

Source: Company, YES Sec

Exhibit 49: Balance Sheet

(Rs. Mn)	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Non-current assets								
PPE	4,030	3,890	3,628	3,544	3,402	3,638	6,150	9,247
CWIP	217	90	92	111	473	2,879	3,728	2,772
Right of use assets	898	599	502	386	315	271	258	268
Intangibles	8	1	1	0	1	1	1	1
Deferred tax assets	1,248	1,470	1,340	1,018	1,270	1,270	1,270	1,270
Others	4,213	4,363	4,577	4,443	4,425	4,425	4,425	4,425
Current assets								
Inventories	5,796	6,226	6,439	5,892	7,035	9,778	12,567	15,708
Trade receivables	19,050	15,627	15,510	14,375	14,689	20,370	26,180	32,726
Cash and cash equivalents	490	708	447	1,319	4,712	10,293	16,665	26,849
Other balances with bank	113	116	21	22	16	16	16	16
Others	4,629	4,584	4,239	4,735	10,272	12,542	14,739	17,150
Total assets	40,691	37,674	36,795	35,844	46,611	65,483	85,999	110,432
Equity								
Equity share capital	512	512	512	512	512	512	512	512
Other equity	10,715	10,291	10,215	11,917	17,219	27,129	37,467	50,436
Non-current liabilities								
Lease liabilities	820	511	412	299	211	211	211	211
Provisions	1,390	1,030	1,020	606	772	772	772	772
Current liabilities								
Borrowings	2,213	1,634	2,198	4	0	0	0	0
Trade payables	11,162	11,110	10,607	8,856	10,259	14,666	18,850	23,562
Others	13,879	12,585	11,831	13,649	17,638	22,193	28,187	34,939
Total equity and liabilities	40,691	37,674	36,795	35,844	46,611	65,483	85,999	110,432

Source: Company, YES Sec

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Analyst signature

Analyst signature

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