



GE Power India Limited

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18 August 2023

To,
The Manager Listing,
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

To,
The Manager Listing,
BSE Ltd.
P.J. Towers, Dalal Street,
Mumbai - 400 001

Symbol: **GEPIL**

Scrip Code: **532309**

Sub.: Transcript of Earnings conference call held on 11 August 2023

Dear Sir/Madam,

Further to our letter dated 11 August 2023, please find enclosed a copy of the transcript of Earnings conference call held on 11 August 2023.

**Thanking you,
Yours truly,**

For GE Power India Limited

**Kamna Tiwari
Company Secretary & Compliance Officer**

Enc.- As above



**“GE Power India Limited Earnings Conference Call For
The 1st Quarter Of FY 2023-24”**

August 11, 2023



**MANAGEMENT: MR. PRASHANT JAIN –MANAGING DIRECTOR
MR. YOGESH GUPTA – WHOLE-TIME DIRECTOR & CFO
MR. VINIT PANT – CHIEF COMMERCIAL OFFICER
MR. RAJ RAMAN – EXECUTIVE PROJECT PORTFOLIO
MR. KALPESHKUMAR SHAH – SR. FINANCE MANAGER**



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Moderator: Ladies and gentlemen, good day and welcome to the GE Power India Limited Earnings Conference Call for the 1st Quarter of FY 2023-24.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Jain – Managing Director, GE Power India Limited. Thank you and over to you, sir.

Prashant Jain: Thank you and a very good evening and warm welcome to you all for joining this discussion on the “Financial and Operational Performance” for the 1st Quarter of Financial Year 23-24.

Before we dive into the quarterly performance, I would like to welcome my team who is joining me today in answering questions and clarifications. I have with me Mr. Yogesh Gupta – the Whole-Time Director & CFO, Mr. Vinit Pant – Chief Commercial Officer, Mr. Raj Raman - Executive Project Portfolio on the call.

We will start with the global economy outlook:

Where there was optimism which has made notable return to the global trade and markets in recent months, bolstered by improved investor sentiment projected for 2023. As energy prices stabilized and major economies witness a steadying of inflation, businesses are increasingly positive about growth prospects for the current year and beyond. The correction in commodity prices, including energy, has been a significant trend and this includes a return to pre Russia-Ukraine war levels. While the global energy crisis has gradually gained, renewed attention is now being directed towards the transition to clean energy solutions. Despite the emphasis on expanding renewable energy capacity, utilization of coal has reached a new peak in 2022. This upward trend is anticipated to persist throughout 2023 as indicated by IEA. Notably, IEA’s latest report indicates that any slight reductions in coal power generation during 23 and 24 are expected to be counter balanced by increased utilization of coal. The report further underscores that predominant surge in coal consumption will be driven by China, India and Southeast Asian nations. Collectively, these regions are projected to account for a substantial portion of global coal consumption in 2023, with approximately 3/4 of total coal consumption worldwide expected to happen in these geographies.

Shifting focus to India:

The period of April to June 23 witnessed a slight 1.8% year-on-year increase in power consumption reaching 408 billion units, according to data from Central Electricity Authority.



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The growth rate remained modest, primarily attributed to the impacts of the Biparjoy cyclone and unexpected rainfall. Notably, coal production experienced a robust expansion of 8.5% reaching 223 million tons during this quarter. Conversely, coal imports saw a decline of 13%, totaling 14.2 million tons. A significant development emerged recently with the government's clarification in the Rajya Sabha yesterday. It was affirmed that the government neither has intention nor has devised a plan to phase out aging coal based power plants in the country prior to 2030. This decision aligns with the foreseen energy demand landscape and the anticipated capacity augmentation in the years to come. This government's clarification presents a pivotal opportunity for your Company's services, catering to coal powered thermal plants. The extension of the deadline for flue gas desulphurization or FGDs has resulted in dampened order backlog and delayed in ordering cycle. Consequently, elongating the timeline for the Company to revitalize its operations.

Speaking about the Company's performance, in the 1st Quarter of the Financial Year 23-24, we are continuing to see that the turnaround is taking longer than anticipated. We have seen a slight improvement on the FGD market, but conversion to orders is still slower than anticipated. Also, for service upgrades, we are seeing a slight upswing, but orders are not yet able to fulfill the gaps that we have from the FGD and new build. Our strategy to focus on core services growth continues to pay. We had an excellent quarter with orders up by 57% quarter-on-quarter and our performance in core service execution has also been solid with high productivity. We will continue our efforts on core services over the quarters to come. Our revenue is down 14% versus 1st Quarter prior year due to lower orders in the previous quarters and project delays. Our efforts on claim settlements are ongoing with the customers. It is a long drawn and time consuming procedure while we are representing to the Ministry and the respective customer organizations. The GEPL organization is currently structured to the optimum size to execute existing backlog and win new projects while keeping costs under control.

Now for discussing the financial operations, I will call upon our CFO – Mr. Yogesh Gupta, after which we will open the forum for question and answers. Yogesh, over to you.

Yogesh Gupta:

Thank you, Prashant. Good evening everyone. I am pleased to welcome you all to discuss the “Financial and Operational Performance” for the 1st Quarter of FY2023-24.

Lower than expected new build industry demand has resulted in lower order inflow in the last 2 years. This has continued to impact our revenue and margin for the quarter ended 30th June 23. During the quarter Q1'23-24, the Company got orders worth Rs. 191 crores against orders of Rs. 1,008 crores in the first quarter of FY22-23. This dip in the order intake was primarily on account of one of the order of Rs. 860 crores for pump storage that we had booked in Q1 of FY22-23. As on 30th June 23, we have order backlog of Rs. 3,382 crores which represents active revenue opportunities in Hydro, FGD, Boilers and services segment.



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Revenue for Q1'23-24 stood at Rs. 424 crores, down from Rs. 491 crores in the corresponding quarter of last year, whereas the revenue in Q4'22-23 was only Rs. 344 crores. Loss before tax for quarter ended 30th June 23 was Rs. 136 crores against loss before tax for the Q1'22-23 of Rs. 63 crores and the loss of Rs. 128 crores in the Q4 '22-23.

The increase in loss before tax for Q1'23-24 as compared to the Q4'22-23 is due to one-time provision impact of NTPC Sipat fire incident of Rs. 69 crores approximately in Q1'23-24, lower volumes, under liquidation, lower capacity utilization, delays, inflation and execution challenges at sites impacted the financial performance.

Summarizing:

Loss before tax for the quarter ended 30th June 23 is mainly due to the following;

- impact on account of lower volumes, project delays and inflation, etc.,
- Sipat fire incident - Rs. 69 crores.

Focus areas for the Company continues to be volume increase by fresh order intake, claims settlement and cash collections.

Now, we open the forum for Q&A. Thank you.

- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Viraj Mahadevia, an individual investor. Please go ahead.
- Viraj Mahadevia:** Sir, question regarding this loss due to fire of 69 crores. Where exactly is it built into the line items in your P&L for the June quarter?
- Prashant Jain:** I got your question. You're saying where is it represented in the June quarters?
- Yogesh Gupta:** Yes, this has been accounted for in cost of materials.
- Viraj Mahadevia:** Right. So, that's why you're seeing an escalation in cost of materials.
- Yogesh Gupta:** Yes, the cost of materials as a %age of revenue has increased from 76% in Q4'22-23 to 92% in Q1'23-24.
- Viraj Mahadevia:** That was my next question, but in the absence of that, actually your net loss would have been half right, about 65 crores for the quarter?
- Prashant Jain:** Yes.



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Viraj Mahadevia:

So, your net losses actually come down, which would mean negative EPS of 10. That's helpful. My second question, sir, is to Mr. Jain, the MD is your spread between your total income and cost of materials even stripping out for this one-time loss is less than or equal to just your employee costs. So, fundamentally, something needs to give in the business for the turnaround, right? I mean, one is the revenue side and the FGD business coming in, two is right sizing the cost structure of the business, which clearly seems lopsided. Keen to get your views on that?

Prashant Jain:

So, the current cost structure is optimized to the extent that we have, let me explain the way we have, we have currently to execute the backlog of the projects and recover cash from the existing projects. So, therefore the optimization in terms of the structure has been done with restructuring to retain competence, for example in Durgapur, we have reduced the capacity from 800,000 hours progressively in the previous quarters and down to about 180,000 hours. Today, the load in the first half is about 52,000 hours in the factory and there is an underutilization, but the factory is geared up to take growth and it is not meaningful anymore to downsize that from any further and therefore there is an under liquidation from that side that is contributing to as a part of the structure cost. So, the balance that we are currently trying to strike is to retain competence both in FGD and the Durgapur factory while we are waiting for these orders to revive and we get the revenue back on the books, and therefore I mentioned that it is taking longer to turnaround the Company because we need the volume and the nature and the scale of the order intake for example FGD, it takes at least 6 to 8 months of engineering and then supplies meaningfully start around 12 to 15 months. And even if you book an order within the current quarter, the one that we announced Sikka that will be at least 15 months away before we can bring back to revenue. So, that is the challenge that we are currently balancing in terms of retaining competence to be able to gear up for the opportunities that we see around the corner, at the same time executing the backlog, which is itself very complex and there is a lot of cash and working capital that will be released with the execution of this backlog.

Viraj Mahadevia:

Understood, sir. But presumably you've looked at contract versus full time labor on your books etc. and how that?

Prashant Jain:

This is the biggest focus and we have exhausted those levers. If you have seen the last three years, we have been extremely proactive on right sizing quarter-on-quarter. And the biggest issue we have faced in the current year is the delay of FGD timeline by 2 years.

Viraj Mahadevia:

And are you seeing greater traction on this FGD? I read your commentary, but you know, are you seeing meaningful business coming this way? Who are your competitors? Is it just the L&Ts? Is it limited competition? What is the potential market of this FGD in terms of addressable opportunity? And then how much do you think you can address over the next 2 to 3 years?



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Prashant Jain: So, Vinit, would you address this question? In summary, yes, we have seen traction. We have disclosed the order that we have taken from Gujarat, Sikka in the current month, we will be probably booking that order in this quarter. And the other opportunities in the pipeline will materialize. We need to address the other questions on the backlog, I just wanted to come back to the point that unfortunately though, we will book these orders, the delay of practically almost two years in these orders coming into the books will still continue to impact us for the coming quarters by the time we start seeing meaningful revenue coming from them. So, Vinit, over to you to explain the market related questions.

Vinit Pant: So, what I was trying to say is that in 2023, we saw about 20 GW orders, this year we expect around 18 GW will still be ordered. And then there has been a delay which has been in the implementation timeline. So, we really expect the ordering to pick up in the next 2 to 3 quarters. So, that is about it and as far as our market share is concerned, we are going to focus on cash accretive deals. We really don't want to go after all orders. We will be selective, but still looking at the overall market about 114 GW still needs to be ordered. So, definitely we see a lot of prospect going forward, but there is a delay, but I think we're going to pick up in the next 2 to 3 quarters.

Moderator: Thank you. The next question is from the line of Ramakrishnan V, an individual investor, please go ahead.

Ramakrishnan V: Sir, last call you have mentioned that you will become a debt-free Company and there is I think you have a receivables of 1,900 crores or something. So, what is the progress on that?

Prashant Jain: We are on track to be able to collect the retentions that we mentioned in the previous call. Yogesh, you want to mention about that?

Yogesh Gupta: Yes, please. We had indicated that we will be collecting about Rs 1,300 crores in the current financial year from our retention and accounts receivable and we are on track on the collection front. If we look at the collections that we have done in the 1st Quarter of 23-24, they are very much proportionate to what we have indicated. We have collected Rs. 353 crores from our receivables and retention. The loss on account of Sipat fire incident has set us back on the collection front and we are re-evaluating what will be the debt position and when we will become a debt free Company.

Ramakrishnan V: So, once you collect the full money, then you will become a cash positive Company. You should have Rs. 400 crores – Rs. 500 crores cash or it will be?

Yogesh Gupta: We are still evaluating.



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Prashant Jain: We will update the progress quarterly. We are in a very dynamic situation and we will update that as we continue.

Ramakrishnan V: Sir, can you throw some light on the hydro opportunity for you, sir, because there is a big opportunities there.

Prashant Jain: Yes, so in the pumped hydro storage, we had the order from Saundatti last year approximately in the same quarter, that order is currently under suspension due to land issues from the developer. The Company is being selective in looking at the opportunities, focusing largely on the private customers. Kalpesh, you are on the call, maybe you want to address this topic?

Kalpesh Shah: In addition to what Prashant mentioned, we follow that policy and then in terms of the market, currently government is coming up with PSP policies and guidelines. So, we see a positive development on that side, but we would like to see in terms of the order how it comes up in the market. So, there will be a lag in terms of the orders that will come up in the market because all the developers evaluate the policies and then they will firm up their plan. So, we will have to wait and watch how the orders come up in the market.

Ramakrishnan V: So, ultimately, next 2 to 3 years' time where do you see that hydro will be what percentage of your business like you have service, then this FGD, then this hydro?

Prashant Jain: So, the hydro is approximately 19% of the revenue. And we don't anticipate that this will change significantly because normally hydro projects have long gestation. And as you see the book, the order that we booked last year is on suspension now due to land issues. So, these are complex projects that take time and therefore we are very selective in the projects that we bid for.

Moderator: Thank you. The next question is from the line of Danesh Mistry from First Advisors. Please go ahead.

Danesh Mistry: Actually, I was just referring to the cash that you received this quarter of Rs. 350 crores. So, that's coming from the existing receivable, but just wanted to understand on the services side, how are we seeing the business pickup especially, now because one side we've got this Section 11 as well. So, is that kind of impacting our service order intake and do you think it will be more lumpy once things settle on this Section 11 side that was the first question.

Prashant Jain: What is the Section 11 that you are referring to?

Danesh Mistry: This electricity act. Basically they have to run the plant, so that's one. And second one is the fact that regarding your net debt free, you mentioned that Sipat has impacted it. So, is that to the extent only of the 69 crores or are we talking about something more? That's it. Thank you.



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Prashant Jain:

So, first on the service market, we have two components in the service business. One is the core services which is parts repair services and that is consistently quarter-on-quarter we are reporting growth as per our strategy. The second component is upgrades, where yes, the Section 11 that you referred to where the government has said that look, you should plan upgrades, but at the same time because of the must run condition, the outages need to be deferred so that is impacting the upgrades and not the core services. However, we are seeing positive momentum on the upgrades where we are seeing that, especially if you have started to book orders and upgrades this year, last two years we have literally seen no orders in upgrades, but this year we are seeing upgrade orders coming back on track, so customers are planning for upgrades. The orders are still not meaningful enough. So, in terms of lumpiness, the core services where we are focusing that it should be as stable and consistent as possible and that is on track. Upgrades will of course follow lumpiness as we see the projects unfold. On what kind of upgrade opportunities you are choosing, Vinit will add some color to that. Vinit, over to you.

Vinit Pant:

So, on upgrades, we are working on the DeNOx, and the market is really picking up as Prashant mentioned, so that implementation deadline is 2024, so we see a lot of seriousness. Earlier also, we had the opportunities, but they are converting into orders now. So, DeNOx is definitely there and we are also looking at some of the customers, who are also going to improve their availability. So, they are going for the boiler upgrade. So, these are the two sectors where we see growth and then flexibility also is something which customers have started asking us offers, it's mainly for study, now doing the studies, but it is also going to pick up maybe in the next couple of years. And also the turbine upgrade, the government is pushing for revamping the delay in the retirement of the older units, so that is also something which we have started working. We are seeing traction in the market.

Danesh Mistry:

Got it. Thank you. And on the question regarding the net debt, we said that Sipat pushed that back a bit. So, is it to the extent of Rs. 69 crore or is it a higher amount and that we are seeing this?

Prashant Jain:

In terms of cash in and cash out, the impact could actually be doubled because we have to collect the cash, we will not be able to collect the cash. Some time that you will have to spend to repair and then collect that. So, that is the impact that we will see till the time we recovered from the insurance.

Danesh Mistry:

But that can be recovered from the client, right, the cash part why it is a claim that come from the insurance Company?

Prashant Jain:

Yes, but it will take time and we have to complete the work to collect cash, right! So, we will have to first spend to rectify and then recover from the insurance and customer.

Danesh Mistry:

And when do you think this project would be complete for you to be able to recover the funds?



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Prashant Jain: The current estimation is 6 to 8 months, but we're still working on it. The challenge is very complex because it's certain components of a package which have been damaged. And the bill of quantity, it is a bit complex, but as the teams are working to resolve it, estimate is 6 to 8 months.

Danesh Mistry: Fair enough. And if I can ask one last question, I don't know if you'll be able to answer it or not. Your promoter about 18 months ago had said that they want to exit the Company GE. So, any update on that, any progress that you can share?

Prashant Jain: No, there is no update on that one.

Moderator: Thank you. The next question is from the line of Viraj Mahadevia, an individual investor. Please go ahead.

Viraj Mahadevia: Just picking up from where I left off, one of the individuals mentioned, there's a 114-giga opportunity. What does that translate to into rupee crores in terms of market size in FGD in the next couple of years and what reasonably do we think we can garner of that market share?

Prashant Jain: It is not next couple of years, while Vinit is coming on line, the opportunity will be spread since the government has not only delayed the implementation by 2 years, but they have also set up 3 zones in how the implementation to have to happen. So, that will be spread over the next 5 to 7 years is our estimate and the number in terms of the GW market share, we want to retain maybe about 10%. And in the volume, it will be lower so. Vinit, are you online?

Vinit Pant: So, I think it may be around Rs. 60,000 crores.

Viraj Mahadevia: 60,000 crore opportunity over a 5-year period?

Vinit Pant: That is the total market corresponding to this.

Viraj Mahadevia: Understood. And what do we think we can garner based on who offers this product, competitive situation? Is it sort of 20%?

Prashant Jain: As I said, currently, BHEL and L&T are the two major players and there are Chinese players in certain states.

Viraj Mahadevia: Chinese won't get it, so its BHEL

Prashant Jain: They are participating now via local partners. They're back, unfortunately. We have plan to stay in the GW terms at about 10%, but that will not translate to volume because we are not going to pick up EPC for all the projects, we might pick up EP, the way we see the market progressing is NTPC was all EPC, but as we see now the trend, customers are splitting packages and they are



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asking a little bit of scope, so the scope will not be a full EPC, it will be a part scope that we see will be ordered in the future. So, in the GW terms maybe 10%, but in the value terms it will be less than half of that.

Viraj Mahadevia: Understood. So, if I'm just doing this maths very quickly, 60,000 crore opportunity over 5 years, it's just for average sake it's 12,000 crores annually. You're saying at best we are getting a 10% share of this in value?

Prashant Jain: No, not value, gigawatts. Value will be lower as I said, we will not participate in the full

Viraj Mahadevia: So, let's call it of 12,000 crores annually if you're even saying 5%, that's only a 600 crore opportunity, not very large. How does that get you out of your current debt situation and this setup?

Prashant Jain: So, this we are focusing on, as I said we're currently focusing on 3 levers in the turnaround. One of course is to develop the services. And services is currently growing, core services in the range of 20%. And the second is to focus on industrial segment with certain opportunities that you're focusing from Durgapur and the third one is to focus on the private customers again, in terms of opportunities that we see coming from industrial for Durgapur. So, those are the three areas we're focusing currently on and as we are able to come to a stable operating size, we will be optimizing the organization further. So, we will go through this transition in the next couple of years.

Viraj Mahadevia: But at 600 crore annual opportunity for yourselves i.e.150 a quarter, even if you strip out for the loss due to fire this quarter that barely brings you back into an EBIT level?

Yogesh Gupta : We have hydro tickets also which are like foreseen that are likely to be there.

Viraj Mahadevia: Right. So, there is some other opportunity also.

Yogesh Gupta : Yes, plus we have backlog to execute as well.

Moderator: Thank you. The next question is from the line of Moorti Vallura, an individual investor. Please go ahead.

Moorti Vallura: I have a question regarding this hydro market? So, now the pumped storage market is evolving and how good are we to capture that market?

Prashant Jain: Kalpesh will add, but currently we do not participate directly with the market. We worked with the developers and as a part of the strategy, we are going to focus with private developers for the opportunity and we will be selective in the opportunity where it is margin accretive and cash accretive. And the terms and conditions are fairly low risky, so that is what we will see because



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these are all projects which require land clearances, etc. And that is where we need to be careful in selecting

Moorti Vallura: Right now, E&M bids are not coming from hydropower side, pumped storage.

Prashant Jain: They are, but they... As we said, Kalpesh will add further to that. But as I said, we will be selective in this opportunity. Maybe Kalpesh, you want to repeat what you mentioned regarding the hydro opportunities?

Kalpesh Shah: Yes, sure, Prashant, thanks. So, as you highlighted that currently market evolving on the pumped storage, but still in terms of market development, it is still at a very initial stage. The developers are evaluating their proposals and then they need time to firm up their investment, so it takes them some time and then we are yet to see order coming up in terms of this new guidelines. So, we will have to wait and watch how it comes up in the market, but for sure there are some positive developments on government side, but we will have to see how it translates into the order.

Moorti Vallura: But actually the hydro equipment is manufactured at Vadodara factory?

Prashant Jain: No, the factory was closed.

Kalpesh Shah: It was closed in August 2018.

Moorti Vallura: It has been sold off?

Prashant Jain: It was shut down. The land was sold, yes, but the factory was closed in 2018.

Moorti Vallura: Now then, where do you manufacture this hydro equipment in Durgapur?

Prashant Jain: No, this is being outsourced to suppliers, we don't produce it anymore in India.

Moorti Vallura: And we don't have any plans to make this equipment, hydro equipment?

Prashant Jain: It is too premature because for a factory we need a sustained load.

Moorti Vallura: Saundatti, you have written that all the equipment will be manufacturing in our plant.

Prashant Jain: No, Kalpesh, you want to clarify?

Kalpesh Shah: Yes, currently there is no proposal for us to consider factory manufacturing. We received Saundatti, but as I mentioned, it's just one order, we will have to see how the new order comes up in the future.



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Moderator: Thank you. The next question is from the line of Vivek Kumar from Bestpals Research & Advisory. Please go ahead.

Vivek Kumar: I'm new to the Company. So, my first question is on the FGD orders, you have receivables around 1300 crore you are saying you will receive? So, if you keep on winning the FGD orders, should we assume that this is the kind of receivables and retention money that would be stuck and this is something that even though we received today next year onwards again it may go into retention or these are different kind of orders?

Prashant Jain: So, yes, therefore we are being selective. As Vinit mentioned earlier, we will be selective, we will select customers where we think we can negotiate and maintain cash accretive deals. So, that is our objective. Therefore, we are not going for all the volume. We are being selective in margin and cash accretive deals. That we can convert largely into cash with a 30-32 month period.

Vivek Kumar: So, let's say we receive this 1300, so the whole thing will again go back to retention new projects or it will be largely useful for us?

Prashant Jain: So, the retention will be in the range of 5% to 10% in the new projects. The earlier projects have the larger retention and the new projects we are negotiating and maintaining that we will not take projects with high retention. That is our goal.

Vivek Kumar: So, this 1300 crores, it can be assumed that it's part of your cash at least 800 crores -900 crores we can use it for other things. Can we assume that?

Prashant Jain: No, I think we are mixing up. The 1300 crores is a cumulative of all the collection that we are waiting for the past backlog.

Vivek Kumar: My question is I understand that and that goes, let's say you received by the end of this year, will it get back into receivables or retention again immediately in the next 1 to 2 years, it's largely it can be used for other purposes. That's my question, that's my understanding.

Yogesh Gupta: Thank you, Prashant. The money that we collect will be used for paying our payables and other expenses that we will be incurring and we will be using substantial portion of that to repay the debt.

Vivek Kumar: But definitely the new orders will not require such amount of retention money, right? That I can take it right?

Prashant Jain: Yes, you are right that the new orders will have a lower retention amount in the range of 10%. And unlike the NTPC projects, which we are still executing where our retentions were a lot



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higher, the new projects we are anticipating will have lower retentions. There, we are making sure that we don't take high retention jobs.

Vivek Kumar:

So, second question is sir, you have said that the services have two components and then it's hydro and you are talking about FGD. So, are there any other opportunities and in the next 2-3 years, what kind of growth do you think you will expect in terms of revenues and when do you think you will have at least EBITDA profits in the next 2-3 years or can you guide us on any other new things or new opportunities that you may be considering in terms of exports or these three are the things that we have to depend on in the next 3 years?

Prashant Jain:

The current focus is on these three areas. We are evaluating certain additional opportunities, but it is premature at this point in time for us to be able to come back. But yes, we are consciously looking at certain opportunities. I mentioned a bit earlier especially with the factory in Durgapur, we are exploring options to be able to produce for non-power related topics. So, we have received some success there, about 20,000 to 30,000 hours we have been able to bring for metals industry, fabrication and we're looking at additional fabrication opportunities, which are non-coal for the factory in Durgapur. So, those opportunities are premature. We are working to get the factory qualified, qualification process with EIL and all the players, it takes about six months to one year. So, currently, there are plans, yes. We are testing out markets, we are conducting certain studies and it is premature that yes, we are working to find a way to be able to fill back, but in our estimate, these measures will take at least 1.5 years to 2 years for them to materialize, that is the reason why we have said it is taking longer than anticipated to turn around. Have the FGD orders not gone delayed, maybe that would have been sooner. Unfortunately because of the delay in FGD orders, the time to bring the other additional opportunities and develop the new areas of businesses will take time and we are focusing on certain ideas, we will share with you the progress as we move forward.

Vivek Kumar:

So, you will not be able to say when the revenue in the next 2-3 years, right? You're not giving any guidance?

Prashant Jain:

No, we don't.

Vivek Kumar:

Why I'm asking is all power companies if you see world wide, power that is required and there's a huge boom in both in terms of steam, maybe non-coal related steam and renewable transition. This looks like a big opportunity. Are we trying to position or this is something that we are not part of which will not give us which is not an opportunity for us because..?

Prashant Jain:

So, we have mentioned two areas. One area is the integration of biomass, integration of methanol, ethanol into the existing coal-fired power plants is an opportunity that we are exploring and working. We have signed a MoU with NTPC and we mentioned about that in the previous call. That is an area that we are working on. For that to meaningfully translate into



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some revenues, it will take about 2 years because these are exploratory, we will do a pilot test it out how it looks and what is the impact. The second area that we are working upon is flexibility. Again flexibility, the orders that we are seeing currently in the market are the orders for study where the customers are wanting to test in their system for the boiler, turbine generator and the auxiliary system, the auxiliary power whether the system is stable at 40%, what are the changes that are required. Now these studies when we do, that will then create opportunity 3 to 6 months in terms of study, then the opportunity and at that time then again approval process. So, we expect flexibility will start into meaningful opportunity again in about approximately a year from now. So, there is an interest and we are seeing that interest increasing.

Vivek Kumar:

Can you throw more light on what this flexibility means if you don't mind because I'm new to the Company?

Prashant Jain:

So, during the day when there is more solar or wind, the coal-fired stations have to go down to 40% of the weighted capacity and then in the evening, when there is a peak demand, the coal station will have to come back to full power. So, in order to make this transition from full load to low load, the coal stations are all designed to operate at 100% load. They are not designed to operate at variable loads, but because of the renewable integration on the grid, now the coal stations have to be more flexible. And that requires certain modifications in the plant and those modifications is what we are talking about to ensure that these coal-fired power plants become flexible so that they can enable for more renewable electricity to supply to the grid.

Moderator:

Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Prashant Jain for closing comments. Over to you, sir.

Prashant Jain:

Thank you all for joining and asking these questions and thank you team for being with me. And we will talk to you soon. Thank you all. Have a good evening.

Moderator:

Thank you. On behalf of GE Power India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.