



**GE VERNOVA**

**GE Power India Limited**

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**29 May 2024**

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 22 May 2024**

Dear Sir/Madam,

Further to our letter dated 22 May 2024, please find enclosed a copy of the transcript of Earnings conference call held on 22 May 2024.

**Thanking you,  
Yours truly,**

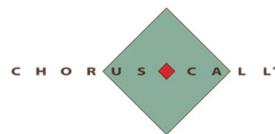
**For GE Power India Limited**

**Kamna Tiwari  
Company Secretary and Compliance Officer**

Enc.- As above

“GE Power India Limited  
Q4 FY 2023-24 Earnings Conference Call”

May 22, 2024



**MANAGEMENT: MR. PRASHANT JAIN -- MANAGING DIRECTOR -- GE  
POWER INDIA LIMITED  
MR. YOGESH GUPTA -- WHOLE TIME DIRECTOR &  
CFO -- GE POWER INDIA LIMITED  
MR. VINIT PANT -- SALES EXECUTIVE- COMMERCIAL -  
- GE POWER INDIA LIMITED  
MR. KALPESH SHAH-- SR. FINANCE MANAGER -  
HYDRO -- GE POWER INDIA LIMITED  
MR. STUART CONNOR – PROMOTER REPRESENTATIVE**

**Moderator:** Ladies and gentlemen, good day, and welcome to the earnings conference call of GE Power India Limited in respect of its results for the financial year and quarter ended on 31st March 2024. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Chiranjive Jain, Managing Director. Thank you. And over to you, sir.

**Prashant Jain:** Hi. Very good evening, and a very warm welcome to all of you for joining this discussion of our financial and operational performance for the fourth quarter and full year ended March 2024. I do hope you have gone through our results, the investor presentation and the earnings release, which are available on our website as well as the stock exchange yesterday.

For this call, I welcome you all and my team, who will join me to answer your queries and update you on our performance across the business. I have with me Yogesh Gupta, the CFO. Vinit Pant, the Chief Commercial Officer. Mr. Kalpesh from Hydro and Mr. Stuart Connor, who is representing the Promoter Today.

I will address the global economic environment. In 2023, the global markets showed unexpected strength despite higher central bank rates and slow trade growth. Surprisingly, several countries, including the US. Achieved modest economic expansion despite these hurdles. However, ongoing worries about high debt levels and geopolitical tensions are expected to limit global growth prospects for a year.

The World Bank's forecast for a global growth slowing down to 2.4% in 2024 marks a deceleration for the third consecutive year, primarily attributed to the lasting effects of tight monetary policies adopted by both advanced and emerging economies. Notably, trade growth in 2023 witnessed its slowest pace outside of global recessions in the past 5 decades, indicating a challenging environment for global economic expansion.

Amidst this cautious backdrop, India stands out. The country's growth story is fuel by investments in infrastructure, strong consumer trends, and positive investor sentiment that continues to attract foreign capital. India's well-managed inflation rates, coupled with expectations of monetary policy easing further strengthen its growth trajectory, promising a healthier financial landscape.

While the World Bank predicts a slowdown in private consumption growth post-pandemic, this is unlikely to derail India's overall growth momentum. It's essential to highlight India's upcoming political transition as well where the anticipation of a new government comes against a backdrop of remarkable political stability at the national level. The stability significantly contributes to investor confidence in India's growth, painting a bright future for the country's economic future.



Talking about the Indian Power sector, in the Energy sector, we are observing a positive trend with energy demand showcasing a 7% growth for the second consecutive year -- quarter, reaching a peak demand of 240 gigawatts last year. Our country's overall power generation surged to about 1,700 billion units in '23, '24 with nearly 76% of this demand coming from thermal underscoring its pivotal role in India's power mix.

As power demand rises, government is prioritizing the optimal operation of thermal power plants even if it means higher dependence on imported coal. Additionally, there's a focus on enhancing the efficiency of older power plants to ensure they can meet electricity demand during peak periods.

Yet we confirmed a dual challenge within the energy sector stemming from divergent demands there's critical imperative to escalate renewable energy capacity at the same time. According to data from IEA, with rapidly expanding economy and heightened electrification, India is projected to experience a 6.5% annual growth in electricity demand between '24 and '26.

India is poised to achieve fastest growth rate among major economies adding demand equivalent to that of the United Kingdom over the next three years. In response to the increase in electricity demand and rising coal requirements, India has made significant strides in ramping up coal production in the recent years.

Over the past four years, there is a CAGR of 8% in coal production with a notable 11.65% increase recorded in FY'24 according to data from Ministry of Coal. The ministry reports that coal production nearly reached 1 billion tons, standing at 997-odd million metric tons, compared to previous year of 890-odd million metric tons.

Additionally, we have observed the rise in coal imports with the country's imports growing by 7.2%, to reach 244 million metric tons in the April, February period of FY'24, up from 227 million metric tons in the corresponding period of previous year. These developments reflect the ongoing efforts to meet the nation's energy demand and ensure a stable energy supply for India's growth and development.

The data for FGD technology where we see the government deadline for implementing the FGD for thermal power plants is fast approaching. However, we see slower than anticipated flow of orders over the past 2 quarters. With only a few months remaining to the deadline and considering the time required for system erection and the implementation of the FGD norm looks challenging and we will watch this sector very closely, that has an impact on the market for your company.

I would like to now touch upon the financial condition of the company and the strategic focus areas of GE company. You may refer to page 17 of the deck that we shared today. The company's balance sheet has deteriorated significantly due to major project cost updates and incidents like Sipat-Solapur fire, etcetera. And lower order intake in the prior years.



The net worth of the company has come down to almost INR57 crores as of March 2024 from INR226 crores in March 2023, and the company has been making losses for 3 consecutive years. Thus, the balance sheet of the company is stressed. Please refer to Page 16. The company is totally dependent on working capital funded and nonfunded limits on the promoter.

Attracting working capital from banks without promoter support is challenging for GEPIL. The company's ability to pursue coal-fired thermal projects would need support from a new promoter subject to depromoterization. Therefore, GEPIL will continue to focus on following business areas, which are supported and aligned with the promoter.

The business areas that the company will continue to focus on is the services, which includes the core services, and service upgrades for these power plants. The company will continue to focus on brownfield FGD on EP basis. The additional area that we've been talking for several quarters in the Durgapur factory utilization where we are focusing on services.

We will continue to add additional equipment supply for pressure vessels and cryogenic applications. On the Hydro market, we continue to focus on services and selectively on cash accretive, margin accretive PSP projects, and we will see how the market shapes up. So these are the strategic focus areas that the company did work on a business plan to make sure that it has a sustainable business plan for the company.

This will be lower in volume from the reference point of where we are today, but it will have the right risk, reward ratio for the company. For the last few years, we have been sharing the progress of the company's progress on the strategic areas quarter-on-quarter in the categories of new build versus services, EPC versus non-EPC, and industrial versus government.

While we're happy to see the progress on derisking the balance sheet and the growth in services in the quarters, and especially with service growth, which has been quarter-on-quarter double digits for several quarters now, however, now the reporting we will change from these segments to the areas that I have mentioned previously in our strategic growth.

But if the services growth -- the downstream FGD equipment, the Durgapur factory utilization in Hydro selective participation. So those segments is what we will report to give you progress on how we developed quarter-on-quarter in the coming quarters from July. So having now touched upon the strategy, I would now move to the executive summary for the results for which we have gathered here today, for the quarter 4 and also for the FY'24 for GE Power India.

So the fourth quarter of the financial year '23/'24, we continue to see that FGD and Hydro opportunities have converted slower than anticipated. On the other hand, the service business witnessed a very strong quarter due to which our revenue has also gone up by 14% versus the quarter of previous year.

This quarter witnessed a positive impact on profit from the claims, including insurance recovery totalling to about INR70 crores. Overall, FY'23, FY'24 year saw a decline in orders by 20 years over the previous year due to lower order intake in Hydro and delay in FGD ordering, which

impacted and reduced the backlog and, therefore, we consumed backlog, and the revenue is lower by about 10%.

The core services continue to grow 40% with an upswing in upgrade orders, which include major DeNOx deals like Hindustan Zinc and Maithon Power Limited. Overall, there is an improvement in profit year-on-year due to a onetime positive impact on insurance and claim recoveries. So that's the overall summary of the financial performance of the company. I would hand over to Yogesh, who will take you through the details of the performance of the quarter and the year. Over to you, Yogesh.

**Yogesh Gupta:**

Thank you, Prashant. Good evening, everyone. I'm pleased to welcome you all for sharing the financial and operational performance of GEPIL for the fourth quarter ended 31st March 2024 and full financial year of FY 23-24. During the quarter, the company booked orders worth INR 262 crores against INR 228 crores in Q4 of FY 22-23. This is 15% higher in the current quarter.

During the financial year, the Company booked orders worth INR 1,319 crores against INR 1,635 crores in FY 22-23. This is 19% lower in the current financial year.

The slower-than-anticipated order flow from FGD and Hydro Pumped Storage Project (PSP) has impacted revenue. The backlog thus has depleted from INR 3,615 crores as of March '23 to INR 3,437 crores as of December '23 and further went down to INR 3,309 crores as of March '24.

Revenue for Q4'24 stood at INR 391 crores, up from INR 344 crores in the corresponding quarter of last year. This is 13.6% growth increase vis-a-vis the last quarter. The revenue in Q4'24 is lower than the revenue of INR 456 crores in Q3'24.

Lower-than-expected order intake in the last 2 years and Saundatti project suspension has resulted into lower revenue for the financial year.

Revenue in FY'24 stood at INR 1,625 crores, down from INR 1,796 crores in FY'23. This is 9.5% lower in the current financial year. Cost escalation due to project delays, execution challenges at sites, and slower claim conversion have led to lower margin for the current quarter, which was compensated by a one-time positive impact of recoveries from claims, which includes insurance claims.

Profit before tax for Q4'24 was INR 23 crores, against loss before tax for Q4 '23 of INR 128 crores. Further, the loss before tax in FY'24 stood at INR 177 crores, against loss before tax of INR 324 crores in FY'23. The reduced loss is due to one-time positive impact of insurance and customer claims.

Summarizing, focus areas for the company continues to be claims settlement and cash collections by timely execution of the projects.

We now open the forum for Q&A.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Madanagopal from Sundaram Alternates. Please go ahead.

**Madanagopal:** Sir, just wanted to understand, given that the coal-based boiler turbine generator market is picking up momentum now given the government's renewed trust on coal-based capacity addition, Alstom has been present in this, we, used to even support BHEL. But of late, we are out of the market, we are not getting new orders. How are we seeing that opportunity given that the pipeline looks strong, are we planning to re-enter this market? How are we looking at it? Because there is a 10,000 megawatt of ordering that can happen this year as well. This is my first question.

**Prashant Jain:** Thank you for the question. As I've mentioned earlier, the current situation of the balance sheet of the company requires that we rely on the promoter for support on parent company guarantee for issuing bank guarantees with the company and the promoter has exit worldwide from new coal.

And therefore, in the current context for the company to be able to participate in new coal would only be subject to a new promoter or depromoterization where we have a new promoter back in the balance sheet to be able to participate in this market because this market requires bonds and bank guarantees, which requires working capital, both funded and nonfunded limits. And the current balance sheet of the company by itself cannot support this opportunity.

**Madanagopal:** Okay. Second on FGD opportunity, now that it has been delayed, you think the ordering can improve starting from 2024 -- sorry, FY'25 or FY'26? So how do you see that ordering panning out? Is it likely to be delayed further? So how do we see that?

**Vinit Pant:** So I think I'll take that question. So as far as the FGD ordering is concerned, yes, it has been delayed. And as we mentioned, we don't see the installation will take place as per the timelines. But having said that, in the last year, about 17 gigawatt has been ordered, and it's mainly state utilities, and some private utilities, private customers.

So I think going forward, I think it's still going to improve. It's not going to be a massive change. But going forward, it is going to pick up, not like what was there maybe three years, four years back. But ordering is going to be staggered, let's say. It's not going to happen very quickly in the next two years, but it's going to be spread over maybe four years to five years.

**Prashant Jain:** So what we would want to make sure is we follow the regulations closely because the government has extended the line. And now that the deadline is approaching, maybe the market is still expecting, based on the IIP report that there might be a further extension of deadline. So therefore, there is ordering, but it is not as per our expectation yet.

And for the amount of FGD that still needs to be installed, we don't see any way practical now that it will happen before the deadline. So this is going to be subject to the government regulations on whether they extend the deadlines again by a two years, three years. This is

something where we need to monitor very closely. Since this is again regulated, the market is really dependent on the customers' decision whether they want to continue and invest.

So we are seeing some customers moving forward with the tenders, but we don't see all of them get moving forward. And that is where I think the regulatory aspect brings in the uncertainty on for customer probability demand.

**Madanagopal:**

Okay. My last question is on PSP projects. A lot of talk about it, the pipeline is also building up. But do you think any possibility of any of the large orders getting converted this year? And who are the competitors here you and BHEL, right? Is there any other player who are serious in this space?

**Prashant Jain:**

So look, regarding the Hydro, what we have been seeing, we were very, very bullish two years ago when we saw the entire landscape. However, what we have seen is, again, despite having closed an order about almost one and a half years ago, we have seen that the order was in the suspension. So the challenge that we see in the portfolio, if I have to say what we are trying to solve and what we are reporting quarter-on-quarter every quarter for many quarters now, is the company has 3 categories of projects.

One is the Hydro projects. Whatever you might say we have current backlog, which is spanning over almost a decade plus and we still have old projects in the backlog, and we still see project delays which are spanning over decades. So it's a very long gestation cycle, and therefore, the highest risk in the portfolio, which has a big impact quarter-on-quarter to be able to forecast a stable revenue.

The second category was the EPC FGD projects that we have been taking. Those projects are planning around five to seven years. Currently, we have been able to derisk that to which EP participation where we are going in the category of three to five years extension and conversion into margin cash. We think we are making progress there to derisk quarter-on-quarter performance. However, the market is still not shaped where we would expect it to be.

The third area is the industrial business and the services where we see quicker, faster turnaround into cash. And this has been the biggest area of focus for the company. Where we see services in the core services, the cash conversion happens pretty much in the same year, and we have been reporting almost 10% or double-digit plus growth consistently quarter-on-quarter for several quarters. And the year that ended, we have grown by about 40% in the core services.

The upgrade is an area that we saw no orders literally for the last three to four years. But in the last financial year, we have seen an improvement in demand in the upgrades. And we have seen and booked several upgrades, especially in the booked service upgrades, especially the DeNOx job site, which I mentioned about briefly previously.

So if I look at the portfolio and our focus, the focus is to derisk and bring quarter-on-quarter stable revenue that is generating profit and cash for the company. The large projects are creating distraction. It is difficult to forecast and balance both the working capital requirements and also





to maintain sustainable quarter-on-quarter performance. And therefore, every quarter, we have been sharing our progress on these 3 pillars.

How can we derisk by EPC patchiness that is one quarterly you can see that is also in the deck today. The second was to grow services, where we are reporting for several consistent quarters-on-quarters how are we progressing. And the third was the industrial customers, how we are able to increase our participation in the new tenders towards industrial customers that will help us regain stable quarterly revenue cash.

So that's the biggest focus of the company, to give stable revenue margin and profit quarter-on-quarter into the company and plan for the right strategy that delivers that. Unfortunately, since you have these large orders, which were forecasted but got delayed, or the large orders that we booked but we were not able to execute, especially in Hydro, the revenues have been lower than anticipated for last couple of years.

And I've also said this in the previous investor calls, and I'm repeating that today, that the turning around in the revenue to positive is taking longer than anticipated and will still take several quarters operationally because we are not able to come back to a profitable revenue quarter-on-quarter because of the patchiness of these large projects. So that is the challenge that we are working with the company. Hydro, yes, we had anticipated a lot more orders, but they have not moved as per our expectation.

Kalpesh is here with me on the call, and maybe Kalpesh, you want to add on the Hydro specifically?

**Kalpesh Shah:** No, Prashant, I think you covered very well. And I think just I want to add is like even the new opportunities, there are a lot of permitting and other regulatory approvals requirement, which also takes time to convert it into real orders. So yes, there is a lot of noise in the market, but it takes time to get it into the real orders.

**Moderator:** Mr. Madan Gopal, may we request that you return to the question queue, please? The next question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

**Ahmed Madha:** I just wanted to understand like what's going on, on the FGD side? And what is the delay? And can you give the timeline whether -- when will it start again?

**Prashant Jain:** So FGD has not stopped. All we are saying is that the ordering is taking time, and it is not spaced out as we would have expected. So it's the government regulations for being compliant that everybody is adding FGDs. So, Vinit, would you want to give a gist on the market opportunity and this particular point.

**Vinit Pant:** So I can just add here, just to answer to your question. As Prashant said, it's not that ordering has stopped, as I mentioned earlier in the call. Last year, about 17 gigawatt was ordered, and the year before about 20 gigawatt was ordered. So it's not that the ordering has stopped. But it's not happening at the same pace.

Presently about 128 gigawatt has been ordered. This will be around within six years to seven years. But what is left is still a very big -- it's about 96 gigawatts. So point is that 96 gigawatt if it has to be completed within timeline, it's really not going to happen. So what we are saying is that it is going to get started ordering. So roughly, we see about 20 - 25 gigawatt will be ordered every year.. Ordering will take place, but in a staggered fashion.

**Prashant Jain:** And we have seen one order in the current quarter, which we have reported to the exchange of Jaypee, and that notification is in public domains, you can refer to that. So we have disclosed that, Vinit?

**Vinit Pant:** Yes, we have disclosed that. So that order we have booked from Jaypee. It is for the Bina and the Nigrie plants. And as we were talking about, it's going to be on EP basis. We are going to do a complete supply of the FGD equipment, erection and civil is excluded from our scope. The value is about INR775 crores. This is what we have and are going to book in this quarter.

**Prashant Jain:** I want to explain what is the dynamic that you're talking about, that we have this order, the typical conversion time for this into revenue takes several quarters. The first 3 months to 6 months would go into engineering, it's not a lot of revenue. And then we have basic supplies, and usually 12 months to 18 months is where we start seeing the peak of the revenue.

And therefore, when I said previously and also in my previous earnings call, the quarterly operational performance of the company to turn around will take longer than anticipated by the time we reach this right mix of volume versus backlog versus cost. So that's what we are working as the part of the strategy that we have shared today.

**Ahmed Madha:** Okay. That was very helpful. And another thing, like as far as I understand, there was 211 gigawatts to be installed by 2026, out of which around 110 gigawatts has already been awarded, bids have already been awarded. So can you give a sense of like which players have received these orders? And out of the -- as given the delay in the project, out of the remaining capacities, how much market share can we capture from this?

**Vinit Pant:** See, what has been ordered is around 128 gigawatts, and the major players have been BHEL, L&T, MHPS, so these have been the major players. And what is remaining is about 96 gigawatt, which is to be ordered. So that is what is remaining right now. And I don't want to give a, exact number We till 2020 have been quoting on a full EPC basis.

But now we are going to focus on EP deals. These projects are mostly state utility customers and private players. So we are going to focus on cash accretive deals and on EP deals. So it's going to be factored accordingly.

**Ahmed Madha:** Okay. So like right now, you can't give a number on how much...

**Vinit Pant:** I don't really want to give a number at this stage.

- Ahmed Madha:** Okay. And like for the Jaypee contract, if I'm not wrong, it was around INR750 crores for 2-gigawatt installation. So assuming that per gigawatt the market size will be around INR375 crores, right?
- Vinit Pant:** Yes. So I think the market, what we have seen is what has been ordered, 128 gigawatt, is roughly around INR60,000 crores. That is what has been ordered. But prices have gone up, and so roughly, we were talking about INR60,000 crores, that is what is the estimate of the total market, which is left to be ordered.
- Moderator:** Mr. Ahmed may we request that you return to the question queue for any follow-up questions.
- Ahmed Madha:** Yes, sure.
- Moderator:** The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.
- Bharat Sheth:** Sir, can you give a little more colour on the nature of the services and the competitive landscape and the total available market, as well as for the industrial also?
- Prashant Jain:** Yes, sure. So when we say services, we are talking about the thermal services, which is core services. The core services end-to-end parts, spare parts supply for the entire power plant, which is steel, turbine, boilers, generator and electric controlled systems and automation and controls, so across the thermal power plant, that is the market what we say when we say core services, if it's an R&M or retrofit in modernization of an upgrade, that is where we have to upgrade the performance of an existing thermal power plant either for efficiency or availability or emissions. So that falls into the category of upgrades. So that is the 2 categories of service segment that we are focusing on.
- As a part of our strategy for the last couple of years, we have significantly focused on core services quarter-on-quarter because this converts into cash and margin typically within six months and is very positive for the company. And therefore, that's the focus area of the company. In terms of market sizing for core services and upgrades, you, Vinit, please provide more colour to that.
- Vinit Pant:** So the market what we are looking annual market, typically, we are looking at about INR5,000 crores. That is the number which we are estimating.
- Bharat Sheth:** And competitiveness?
- Vinit Pant:** If you talk about core services, we have the other OEM fleet and also the OEM fleet. The OEM fleet, of course, is on a tender basis, so we have to compete. It's going to be on a, open tender basis. So I think there we are working to be competitive. We have been increasing our market share in the last few years. So I think we have a competitive offering for both the core services and upgrades.

**Prashant Jain:**

So maybe I can add more colour to that very quickly. The benefit or the advantage that we have is technology. We are not a cost leader. We are a technology leader in this segment. We can solve customer problems. And therefore, we are participating in areas that we can solve problems for OEM fleet, which is our own supplied equipment. So our own supplied equipment is roughly 6% of the market. So it's not a very big installed fleet of the total market.

So that is the OEM fleet and that OEM fleet we participate. But we also participate on other 50% of the market, which is largely the other region fleet, which we call the BHEL fleet or the Chinese fleet, where we solve technical problems for the customer, which typically they cannot solve, and we have a competitive advantage. So we are talking about a low double digit, high single digit, and low double-digit market share in this segment.

And we are working on retaining improving the market share in this consistently in the core segment. On the upgrades, the government has outlaid about 20 gigawatts of upgrade program, 60 gigawatts, we think 20 gigawatts would also be excellent, but 60 gigawatts what we plan, we are maybe thinking even if 20 gigawatt materialize of that 60 gigawatts upgrades are in the plan, that would significantly open opportunities in our group.

However, most of them are government tenders and they are competitive in nature. And we will see wherever we are able to get margin cash accretive deals with the right risk-rewards where we will participate. So -- but it's the area where we have a technology advantage. And for example, the DeNOx obviously we have a very good strike rate and a good performance in the upgrades.

**Bharat Sheth:**

Sir, on the industrial side?

**Prashant Jain:**

On the industrial side, what we have been focusing on is, one, participation in industrial customers. So we have focused our campaign to improve participation in industrial customers for services. That's one. The second part is the Durgapur factory where we have capabilities for fabrication, excellent welding class, welding capabilities. And these factories can also support demand from industrial customers like steel, cryogenic oil and gas applications and pressure vessels.

So we did disclose another in the cryogenic area or in the pressure vessel area where we had the first order a couple of quarters ago. And that is an area that we think will help us utilize the factory in Durgapur and it matches the capability that we have. The factory is located in the eastern sector and, therefore, we can have advantage in that sector. That is an area we want to participate.

So here since the factory is underutilized and we had about 800,000 hours capacity, we have now come down to about 240,000 hours capacity in this factory, so we have a challenge of load-- and the load currently is in the range of 80,000 to 100,000 hours. So we are still under utilization of the factory that is sitting in our bottom line with underutilization.

So the objective here is to add additional industrial business so that we can recover the cost of the factory and eventually turn around the performance of the factory. So that's the focus. And in this area, we will utilize the factory in the areas of pressure vessels cryogenic area, and also the industry segments.

**Bharat Sheth:**

Sir, coming back to first participant question on generation side. As you said that there is a share balance sheet challenge in working capital, subject to that, I mean our promote starts are we supporting whenever I mean three months, six months or maybe 1 year. So what are the opportunities do we have or our capability to participate in that? And second, recently, there was a new write-up, the CEA has since the power requirement from thermal side is huge, but all the large players are fully moved. So Thermax and our company, are we allowed to participate? So if you can give you some more colour?

**Prashant Jain:**

So the -- I will add the last one before the add-ons. So the qualification of Durgapur as a supplier is being done by the government. And however, we don't do EPC in the company. So should we have the backing in future of a promoter on their new build coal, in that case, we would need to partner with an EPC to be able to address the market.

So at this point, we have not given -- we will not be able to participate in the time to solve this challenge. So at this point, we will focus in the strategic areas that I have explained previously earlier in the call, which is services or in upgrades and brownfield FGD on EP basis, and the industrial areas, and selectively on the Hydro PSP opportunity. So that's what we will continue to focus, which is irrespective of depromoterization, and that should provide sustainable growth for the company. That is why at this point in time, we're very clear on what we will continue to focus on.

**Bharat Sheth:**

Thank you very much. And all the best sir.

**Moderator:**

The next question is from the line of Ramakrishnan. V, who's an Investor. Please go ahead.

**Ramakrishnan. V:**

Sir, see, Durgapur, you are mentioning about there's 2,40,000 hours available, and I think 80,000 to 1 lakh hours we have got. So why this is measured in the -- measured as a capacity. And if we are fully occupied, then what kind of turnover we can get?

**Prashant Jain:**

It's a good question. And the reason why we don't measure on turnover basis if you see what we've been sharing over the last couple of years, 2 years ago, we had less than 10,000 hours of load on services to Durgapur. So we started focusing roughly about 1.5 years, 2 years ago on adding services for Durgapur. And that service load has brought in about 100,000 hours from Durgapur.

The capacity was 800,000 hours roughly 3 years, 4 years ago where we were still executing the backlog of all the projects. That backlog has been executed, but there is still very good competence in the factory. And the competence of the factory to be retained, we have come down to a size that is the best that we could do in terms of optimization of the capacity at the same time that we retain competence.



So that is where we are with the size of this factory. And I think this is a good place. We see opportunities that we can retain this competence. And if we're able to bring back the utilization of this capacity to about 150,000 hours to 200,000 hours, then we will be able to solve the underutilization of it.

The hit of the underutilization, Yogesh, can you help with the number? That is a negative number that we carry on in GEPIL books in crores because of lack of utilization of Durgapur. That is the negative number that we give away and we will see some positive value creation. So what's the number, Yogesh, if you can help me?

**Yogesh Gupta:** The amount of under-recovery presently based on the projections that we are giving is in the range of about INR12 crores to INR14 crores.

**Prashant Jain:** Yes. So overall, it's about INR14 crores, if you don't recover anything from the factory. So there at around INR14 crores. And we are working to load and reduce the under-recovery to then to INR13 crores. And if we are able to see that impact of maybe -- if we are able to fully recover that, it will also go away and then the margin will start. So that's the journey that we are looking for as we move towards this strategy.

**Ramakrishnan. V:** Sir, how many employees are employed in this Durgapur plant? And suppose if you are able to do that fully utilization, what kind of turnover you can get?

**Prashant Jain:** See the issue with the factory, as I said, we do not project, and it's the company policy not to give future projections in terms of revenue. But I explained that Durgapur is not a revenue problem, it is underutilization and lost revenue today. So we have to solve the negativity. And that is the reason why we don't want to focus on the revenue. That is not what we are chasing. We are chasing the capacity. We want to come back to capacity, utilize, and then we will take it from there.

**Moderator:** Mr. Ramakrishnan, may we request that you return to the question queue for follow-up. The next question is from the line of Dalip Jain from ICICI Bank.

**Dalip Jain:** Sir, my question is with respect to trade receivables. Sir, as of March 2024 we have trade receivables of around INR1,699 crores. Sir, how much of these receivables are retention money? And till when this retention money is expected to be realized?

**Yogesh Gupta:** So out of the total that we have, that we mentioned, we have a retention of close to INR 1,170 crores. And the likelihood of realizing or recovering this money, which is linked to the various project milestones that we have. And these are work in progress, and as and when we are achieving these milestones, these payments are being collected from the respective customer. And the timeline, the indicative timelines that we are looking at is close to about 2 years to 3 years to recover these retentions that we have.

**Dalip Jain:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Lavish from Sushil Finance. Please go ahead.

**Lavish:** Sir, you are very positive on power sector, then why is not the parent company infusing money in India? And sir, it has been almost 4 years, 16 quarters? Hello?

**Prashant Jain:** Yes, please go ahead.

**Lavish:** Yes. And it has been almost 4 years, that is close to 16 quarters, but yet the company is not performing well as compared to the power demand, power consumption in India, what we have seen like in 4 years. So sir, what is your outlook on this?

**Prashant Jain:** So as regard the company performance, as said earlier today in the call, the big issues that we have faced, starting from COVID period, was project delays as one fundamentally major challenge, both in Hydro and in steel, in the last 3 years, we have seen significant project delays. And as these projects get delayed, there is a cost update that happens. And therefore, we have seen project margin updates. That's one.

The second was the significant incidents like the Solapur fire and the Sipat fire, these 2 incidents alone has roughly costed the company about INR150-odd crores. So that is an additional impact that the company has seen. These are the 2 major reasons why we had an operational impact on the performance, of course, was the lower volume because COVID period 2 years, there was no major ordering as there was a big lull in the demand.

At that time, there was no focus on thermal. And therefore, there was much lower order intake. And post the COVID, the government had extended the FGD timelines. And therefore, the FGD orders, which were significant in the order book, did not happen. And therefore -- and nor the FGD, Hydro projects come in as anticipated. And therefore, we have seen consistently for the last 3 years to 4 years a very significant order intake into the company. That has deteriorated the quality of the balance sheet of the company.

And therefore, the focus of the company has been to focus on margin and cash accretive deals. There was also, if you remember, post-COVID, due to the Ukraine crisis, a hyperinflation, which has also impacted the material cost. What are we doing about it? We have been reporting quarter-on-quarter the performance in the 3 areas. That is one, we wanted to derisk new build, which is EPC versus EP. That is one lever that we will report in every quarter, you can see that for the last several quarters, quarter-on-quarter progress on derisking EPC versus EP.

The second level that we have been working upon has been to grow services business. And that has been very, very successful with about 40% growth this year in core services that we have reported. And third is the industrial business and getting to private customers for business, which has also that the company gets converted slightly but a noncash. So those are the 3 levers. While we do this, there's still the challenge of the right mix of revenue costs versus backlog is what is the current challenge of the company, and this is what we need to solve.

**Lavish:** Okay. Thank you.



**Moderator:** Thank you. The next question is from the line of Himani Shah from Alchemy Capital. Please go ahead.

**Himani Shah:** Sir, just a couple of questions. Sir, firstly, on the BHEL call, they basically said that they would maintain a 30% market share when it comes to FGDs. And you, in your previous interaction have mentioned about 10%. Sir, and FGD...

**Prashant Jain:** You said 30%?

**Himani Shah:** BHEL.

**Prashant Jain:** BHEL, okay.

**Himani Shah:** And I think you in your interactions in the past have mentioned about 10%, if I'm not mistaken. So just wanted to understand how is the competitive landscape, sir? Is it -- because a lot of the players may not have been able to go through this period of stress. So how are you seeing the competitive -- while you mentioned that you would be able to -- you will only bid for better margins, or maintain your margins?

But what's your -- so how are you seeing the competitive landscape panning out? And secondly, sir, as on the realization front, how competitive are the bids? Are you seeing any improvement in terms of realization? Because that is something that we hear from some of the power generators. So just wanted to get your sense on it, sir?

**Prashant Jain:** Yes, thank you. Look, the realization for FGD price, Vinit also mentioned earlier in the call, the prices have gone up, and the government has also acknowledged and noted the prices have gone up. However, this is a regulated market, which means that the regulated has to approve the tariff revision, the developer has to be able to pass through the tariff, the developer's balance sheet might also be stressed they need to get a financial closure, and then they would make an order because for an FGD or with any other player.

So that's one interline character. This is a regulated market, and there is a long process, typically, we have seen from the date of ordering to realizing an order we have seen a real deal. As you would have seen also almost on a year for us to be able to materialize that into an order. So we see that the cycle is slow, it takes time.

Now regarding the 90-gigawatt ordering, which is left. There are 3 categories of customers, which is state, central and private IPP. The central pretty much is done. It is the state and IPP that are left. State will largely go with EPC, and we will not participate in EPC bids. We will participate if you have the right risk-reward via an EPC player, if you are able to get a right risk reward ratio there, so here it will be selective participation.

Again in the IPP customers, which is the private customers, we are again, going opportunity by opportunity. So now the number why we are not considering sharing market share is because if there is an ordering in the current year, but it is not of the customer that we would like to deal



with, from my point of view, that is not an opportunity for me but maybe somebody else finds it attractive.

Therefore, market share over a period of time, maybe 2 years, 3 years, yes, that makes sense to say 10%. But if I now start the year-on-year, it all depends on the mix of ordering from state versus IPP versus EP versus EP that we could have participated in the current year and therefore, it is complex. And that's the only colour I wanted to add. And Vinit, maybe you can share what is the split of 98 in state IPT.

**Himani Shah:** Sir, if I can just ask another question. Sir, if realizations are improving, then your -- given your costs are already in place, then you would have advantage of cost efficiencies here, right? So then why would you not be able to maintain the...

**Prashant Jain:** As I released in my previous calls, we have been reporting that current structure for the company, we are operating below breakeven, because you have a large project backlog that we are just executing. These projects have come to the tail end, yet we have a high site activity to collect our retention milestone, therefore, we need a large structure to execute the project. However, we don't have the backlog to be able to give us a revenue which is breakeven.

So the breakeven revenue for the today's structure of the company is in the range of INR2,000 crores to INR2,500 crores, and we are far below that at this point in time, which is a challenge for the company. So even if you book a couple of projects, even today in the previous call where you were talking about the question when we talk about the Jaypee order, we said that, look, the time that we will get this revenue into the books will still take a few quarters.

Typically, the take of the revenue is 12 months to 18 months. So even if I book an order today, that will come to the revenue much later. And therefore, for us to get to that breakeven revenue with the right cost and the right revenue is going to be several quarters away. And therefore, we've been cautioning or sharing the update. But we are working on a strategy with focus areas, however, for us getting sustainable quarter-on-quarter margin will take several quarters.

**Moderator:** Thank you Miss Himani shah, may we request that you return to the question queue for follow-up questions.

**Himani Shah:** Sure. Okay.

**Moderator:** The next question is from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.

**VP Rajesh:** So my question was, when you talk about deep amortization, does it have any impact on your current order book? You mentioned that you are not able to bid for the new projects because of that issue. But I just wanted some clarification if it impacts your current order book?

**Prashant Jain:** On the backlog today, there is no impact because we are committed to execute the backlog, and we don't see any challenges in execution of the order book -- on the backlog, we also don't see a challenge on the strategy that we discussed today. So no.



- VP Rajesh:** Okay. Great. And my second question was that in terms of your backlog, how much of it is the slow-moving projects that you referred to earlier on the call?
- Prashant Jain:** So you have to -- you wish while you get the number. We have these projects from Hydro, the projects from FGD largely as the project backlog. Then we have the upgrade and services in the backlog. And upgrades and services, we -- roughly about 50% of the services backlog we convert to these areas, so we don't carry a lot of backlog for that. But yes, we'll share roughly the percentages. Yogesh?
- Yogesh Gupta:** Yes, Prashant, we have one contract which is presently under suspension, which is the Saundatti project. And we are in discussions with the customer for restarting the contract after all the necessary commercial and contractual obligation are taken care of. So this is one of the slow-moving contracts that we have in Hydro.
- VP Rajesh:** I'm sorry, I missed the amount. What is the amount of that?
- Yogesh Gupta:** Give me a minute. I will get back to you with the numbers.. Kalpesh, are you on the call?
- Prashant Jain:** What I would suggest, Yogesh, if you can give just the gist of the project backlog versus non-project backlog. In my view, the project backlog is roughly 60%, 70% of the backlog.
- Yogesh Gupta:** Thanks very much, Prashant. Everybody rightly said that the backlog is primarily projects. And 70% is clearly the backlog that is coming from FGD and Hydro. And we have some backlog from services as well, so it is close to 15% to 20%. And like this has been the trend in the past also. And if you look at the bifurcation, almost about 50% is coming from Hydro. And Kalpesh is on the call, we can share the value of the Saundatti project.
- Kalpesh Shah:** Yes. Sure. So Saundatti is around INR 850 crores, and is the project which we are currently in discussion with the customer.
- Yogesh Gupta:** Okay. Rest of the projects are on track, and they are moving as scheduled and as per the availability of the funds, etc.
- Prashant Jain:** So to summarize about 50% is a slow-moving backlog, some of that is even slower but that's roughly more than 50% is slow-moving.
- VP Rajesh:** Okay. So just to summarize, you're saying that, of the total order book, 50% is slow moving, about 70% is related to the project, and the remainder is on the services side, which generally gets converted into the revenue within the same year, in fact sort of a good understanding of your order book?
- Prashant Jain:** Yes, the rest of 30% typically in 2 years, 1.5 to 18 -- services goes max to 18 months to revenue, because of these upgrades, yes.
- VP Rajesh:** Thank you so much. That was very clear. Appreciate it. All the best.

- Moderator:** The next question is from the line of Premal Shah, who's an Individual Investor. Please go ahead.
- Premal Shah:** I have a couple of questions. First is in this quarter's results, we realize that there is a INR79 crores other income. And what is it basically for? Can you just give us a breakup on what kind of other income is this?
- Prashant Jain:** So this is coming from claims. The insurance claim and customer claims, pretty much, it's about -- I would say 75% is coming from the insurance claims, and the rest is the customer claims for extension of time and conservation.
- Yogesh Gupta:** And there have been some provision write-backs, especially on the delayed export incentives we have provided for, which we have accomplished. So these are the 2 major, like, I would say, things contributing to the other income.
- Premal Shah:** Okay. And the second one is, sir, in the current order book, probably as on 31st or as on today, what is the percentage of service orders? And how many of those are going to be executed in the current year?
- Prashant Jain:** I just said that in the previous question. About 70% is project and the 30% is service on the industry of which that can -- you can say, roughly would take about 15 months to 18 months.
- Premal Shah:** 15 months to 18 months, okay. Thank you.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Prashant Chiranjive Jain, Managing Director, for closing comments.
- Prashant Jain:** Thank you all for participating. We really appreciate you. And thank you, the team, for answering the questions. Have a good evening. Thank you.
- Moderator:** Thank you. On behalf of GE Power India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.