



## GE Power India Limited

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05 June 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 29 May 2023**

Dear Sir/Madam,

Further to our letter dated 29 May 2023, please find enclosed a copy of the transcript of Earnings conference call held on 29 May 2023.

**Thanking you,  
Yours truly,**

**For GE Power India Limited**

**Kamna Tiwari  
Company Secretary & Compliance Officer**

Enc.- As above



“GE Power India Limited Q4 FY2022-23 Earnings  
Conference”

**May 29, 2023**



**MANAGEMENT: MR. PRASHANT JAIN – MANAGING DIRECTOR, GE  
POWER INDIA LIMITED  
MR. YOGESH GUPTA – WHOLE-TIME DIRECTOR  
& CHIEF FINANCIAL OFFICER, GE POWER INDIA  
LIMITED  
MR. VINIT PANT – CHIEF COMMERCIAL OFFICER, GE  
POWER INDIA LIMITED  
MR. VENKATESH RAO – CHIEF EXECUTIVE BUSINESS  
OPERATIONS, GE POWER INDIA LIMITED  
MR. KALPESH SHAH – HYDRO BUSINESS FINANCE  
MANAGER, GE POWER INDIA LIMITED**



*GE Power India Limited  
May 29, 2023*

**Moderator:** Ladies and Gentlemen, Good day and welcome to the GE Power India Limited Earnings Conference Call for the fourth quarter and year ended 31st March 2023.

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

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

**Prashant Jain:** A very good afternoon and a warm welcome to all of you for joining this discussion on the financial year and the operating performance for the fourth quarter as well as the full financial year 22-23. I would like to welcome my team who will join me in answering your questions today and update you on the performance. I have with me Yogesh Gupta our Whole-time Director & CFO, Vinit Pant our Chief commercial officer, Venkatesh Rao our Chief Executive Business Operations and Kalpeshkumar Shah our Hydro Business Finance Manager.

At the outset, I would like to start our discussion with some context on the global economic situation. Financial year 2022-23 saw a shift towards a positive trajectory as global energy and commodity prices corrected, alleviating inflationary pressures. While major economies maintained a cautious stance, trade and investment sentiment turned more optimistic as central banks paused their rate hike cycle starting from the third quarter. Despite tight monetary policies and domestic inflation concerns in some developed economies, the world economy cautiously embarked on a path of recovery, benefiting from easing supply chain pressures and a resilient labor market. Nevertheless, the pace of growth is anticipated to be modest, as tight monetary conditions and a tighter credit market are likely to act as impediments.

Coming to the Indian economy and power sector, despite a tight monetary policy to address high inflation, the Indian economy remains steadfast on its growth path. The economy will be propelled by robust investments in infrastructure, increased private capital expenditure and strong consumer demand in the coming years. The Central Bank's decision to halt interest rate hikes coupled with improved bank balance sheets resulting from corporate deleveraging has also contributed to positive developments in the services sector. There are indications of growth in credit and financial markets, reinforcing an environment conducive to investment.

Coming to the power sector, the onset of summer earlier last year has resulted in a substantial increase in electricity demand. With the concerns surrounding COVID now diminishing, the Government has again shifted its attention towards expanding renewable energy capacity. However, this emphasis on renewable energy has not diminished the demand for coal. In order to meet the rising demand for coal, the country has made significant investments in enhancing domestic coal production.



In the fiscal year, domestic coal output reached almost 900 million metric tons reflecting a growth of 14.7% compared to the previous financial year. Coal based thermal generation accounts for 75% approximately the electricity generated and according to the Draft National Electricity Plan for 2022-27 for coal-based units, it is seen that apart from under construction coal based capacity of 25 gigawatts, the additional coal based capacity would be 17 gigawatts to 28 gigawatts that would be needed until 2031.

As the Government of India is striving to provide affordable electricity on 24\*7 basis, the ministry has advised all central state utilities and private plant operators not to retire any thermal units and urged them to carry out renovation and modernization for life extension and improving flexibility, reliability and safety of thermal units considering the expected demand scenario and availability of capacity in the future. For our Company, the Government's decision to extend the implementation of flue gas desulphurization for coal fired power plants has resulted in a slower order intake than expected. Our strategic focus over the next couple of months will be on growing core services and R&M offerings as well as non EPC and industrial service business. This is what we have been focusing on for the last couple of years.

Now talking about the Quarter 4 performance the fourth quarter has been excellent for core service orders and we have been able to achieve 70% more orders compared to Q4 of the previous financial year and the month of March has brought us a record high of INR 820 million, the strongest core service orders in a single month we have had so far. On the other side FGD and upgrade opportunities are still converting slower than anticipated. The revenue in the fourth quarter has been 40% lower than in the same quarter of the previous year mainly due to lower orders in the previous quarters and project delays.

The executive summary for the full year, if I have to focus on financial year 2022-23, has been challenging with geopolitical impact on supply chains and high inflation rates. These factors as well as the other regulatory two-year extension of the implementation timeline by the Government has resulted in a slower turnaround for the Company than we anticipated. Despite the challenging market environment, we have been able to grow our total orders by 116% mainly due to strong project wins in Core services and this segment continues to grow in the double-digit range. Our revenue is down by 31% and largely due to delays in ordering which is impacting our backlog. In the past financial year, we have been able to successfully focus on the structural cost and reduce the SG&A.

As we discussed in our previous earning call, we as well as the entire industry sector have made representations to the ministry and customers for exceptional one-time relief for risk factors that are outside of our control in the execution of these FGD projects. As a result, we have been granted an extension of time relief from NTPC for a plus 8.5 months project delay due to COVID-19 which is helping our Company in mitigating cost escalations on lot 2 and 3. The impact we will expect to see in the coming quarters.



However, this does not help us in the lot 1 projects and for which we will continue to represent to the Ministry and to NTPC. Our discussions on the financial operations I would hand over the call to Yogesh and after this we will open the forum for question answers. Over to you Yogesh.

**Yogesh Gupta:**

Thank you Prashant. Good afternoon, everyone. I am pleased to welcome you all to discuss financial and operational performance for the fourth quarter and full financial year ended March 2023. Lower than expected industry demand and subsequent lower order intake in the last two years has impacted revenue and margin for the quarter and also for the financial year. During the quarter, the Company got orders worth Rs 228 crores against orders of Rs 138 crores in Q4 of FY22. FY23 order intake stood at Rs 1,635 crore against order intake of Rs 765 crores in FY22.

As of March 31st, 2023, we have a healthy order backlog of Rs 3,615 crores which presents active revenue opportunities in Hydro, FGD and service segment. Revenue for Q423 stood at INR 344 crores down from INR 591 crores in the corresponding quarter of last year and the revenue in Q423 is also lower than the revenue of Rs. 533 crores in Q323. Revenue for FY23 stood at INR 1,796 crores down from INR 2,620 crores in FY22. Moving on to loss before tax for the quarter Q423 after the exceptional items was Rs. 128 crores against loss before tax for the quarter Q422 after exceptional items of INR 145 crore. The loss in Q323 was INR 30 crores. The increase in loss before tax for the quarter Q423 as compared to the previous quarter Q323 is due to increase in cost estimates of Solapur project to the extent of about INR 12 crores, lower volumes under liquidation, lower capacity utilization, delays, inflation and execution challenges at site. Loss before tax for the financial year FY23 after exceptional items was INR 334 crores against loss of INR 293 crores in the financial year FY22. Loss before tax for the financial year FY23 is mainly due to the following:

Impact on account of lower volumes, project delays and inflation, Solapur fire incident almost about 100 crores impact and 70% of this is likely to be recovered from the insurance Company in the current year and the subsequent year, generic risk provision creation, provision for doubtful debts due to non-receipt of payments from some customers, Durgapur restructuring to the extent of INR 11 crores and FOREX losses. Summarizing: Focus areas for the Company are volume increase by fresh order intake, claim settlement and cash collections. On the cash, we expect to be debt free by the end of the current financial year. We now open the forum for the Q&A.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is on the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:**

My first question is on the order inflow; how do you see the ordering inflow for the FY24. FY23 I believe was still subdued and do you see FGD activity picking up in FY24?

**Prashant Jain:**

What we see is there are opportunities. We are L1 in certain tenders. However, because the government has extended the timeline by two years by planning to convert those orders into the



tenders into orders is taking a bit longer. I would ask Vinit to add on this. On service side, as I said we are seeing a good growth and the teams are faring quite well on the FGD unfortunately because of the delays in the extension timeline the orders have not converted. Vinit would you want to add.

**Vinit Pant:** So, I would say yes Prashant you are right, the order intake is lower as ordering has been slower than anticipated, but at the same time I would say as compared to the last financial year overall order placement has been good in this year because we have seen almost 20 gigawatt has been ordered which was only about 9-gigawatt last year. So, overall, the ordering of FGD is higher, but as you rightly pointed out Prashant, some of the deals which we have been pursuing we are in a good position, but those have not been converted into order. But going forward, I think with the timelines of December 26 as the last date for the installation of FGD, we expect ordering to pick up going forward.

**Mohit Kumar:** what are the things you include in services?

**Prashant Jain:** So, in the services business we have the services to the existing coal fired power plants in terms of supply of parts, repairs that is what we call basic services parts, repairs as the core services and then there is retrofits and modernization which we call upgrades. So, those are the two components and services for the coal fired power plants. There is a very small amount of internal service that we do for gas and hydro service, but largely this service when we say it is the service for the coal fired power plants and that business is doing fairly okay.

**Mohit Kumar:** Is there an opportunity for us, for repurposing the power plant so that they can run at 40% PLF?

**Prashant Jain:** Yes, we do see opportunities Vinit if you want to add.

**Mohit Kumar:** Is there a large opportunity or a small opportunity?

**Prashant Jain:** No, right now you know it is just under assessment. So, we are working on a certain study we have discussing with some customers to do the testing part. So, right now customers have started placing orders for carrying out the testing and subsequently they will start placing orders for making the changes in the equipment. This is where we expect to take off in maybe another six months' time.

**Mohit Kumar:** And it is a large opportunity or a small opportunity sir?

**Prashant Jain:** I will not say they are very large but it would be a smaller size.

**Mohit Kumar:** Last question what are the impact of Solapur fire incident on our P&L?



- Yogesh Gupta:** The impact of the Solapur fire incidents has been to the tune of INR 100 crores approximately, this has been provided for in our books. Once we get the insurance claim settled, we would cover almost 70% of this claim.
- Moderator:** Thank you. The next question is from the line of Danesh Mistry from First Advisors. Please go ahead.
- Danesh Mistry:** I had just two questions. The first is a bit clarificatory what is the total outstanding order book that we have and in that outstanding order book what is the percentage of service orders?
- Yogesh Gupta:** We have INR 3,615 crores of order backlog as of 31<sup>st</sup> March, 23. Out of this we have about 40% for the steam business and 60% for Hydro. Nearly 15% of the above is Services .
- Danesh Mistry:** And you said 40 is steam and 60 is hydro that would include that the Orissa project as well?
- Prashant Jain:** Which Orissa project you are asking about?
- Danesh Mistry:** The Subansiri one which we restarted recently?
- Prashant Jain:** Subansiri is not Orissa, it is in Assam.
- Danesh Mistry:** But is it included in that project?
- Prashant Jain:** Yes.
- Danesh Mistry:** Just one more question I had is that if you were to see our receivables have I think have reduced about a bit if I see the balance sheet data, so just to understand and you did touch upon the fact that you plan to be debt free, so is it safe to assume that all of it would be through receivables recovery, any sense on how much of receivables we can recover this year from this 1,900 crores?
- Yogesh Gupta:** Our net receivables comprises of normal debtors and retention. Presently we have borrowing of INR 291 crores, so when we say we will be debt-free we are talking of being debt free by repaying this debt of INR 291 crores. The cash collections from the above receivables, that we are targeting is to be in the range of INR 1,300 crores.
- Danesh Mistry:** Recovery?
- Yogesh Gupta:** Yes from our customers.
- Danesh Mistry:** And the current cash that we have of INR 213 crores on the balance sheet, is there any part of customer advances in this or is this our own cash?



- Yogesh Gupta:** Yes, we have customer advances also. Total customer advance as at March 31, 23 is INR 363 crores. These are the advances from the major customers.
- Danesh Mistry:** Just one last question so if I heard correctly you are saying that this year we will get INR 1,300 crores of cash inflow from the receivables, is that correct?
- Yogesh Gupta:** Yes, from the receivables and retention, if we are able to achieve the milestone that we are targeting. So, this is what we are targeting to achieve.
- Danesh Mistry:** Redemptions meaning what are redemptions.
- Yogesh Gupta:** It is retentions, not redemptions .
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** One clarification sir on Subansiri when do you expect this project to get over and is this order book what order book is left will be completely executed in FY24 is that correct.
- Prashant Jain:** So, we expect this project to be completed in August 2024.
- Moderator:** Thank you. The next question is from the line of Parshwa, an Individual Investor. Please go ahead.
- Parshwa:** Can you kindly just give an overview of what exactly your Company is doing and into what avenues are we going to go ahead being a foreign Company?
- Vinit Pant:** So, we are in FGD. It is a market which is going to be there. We have seen about 112 gigawatt has already been ordered, but almost 114 gigawatt remains to be ordered. So, FGD is going to be there going forward and we are of course focusing on cash accretive deals and we are going to be selective for these projects, but definitely we see a big market for FGD going forward next three to four years that is one part. Services as we have mentioned we have two parts one is core services and then we have the upgrades. core services we have done very well last year as we have seen we have grown almost 20% over the previous year. Last quarter, of course, was exceptional we grow almost 70%. So, that is again another segment we are going to continue and be a strong player. In service upgrades we have not done well last year because as we have mentioned ordered intake has got dried up for various reasons, but going forward we are already seeing a lot of market is opening up especially for NOx deals we find lot of orders are getting finalized, there is a lot of pressure to complete the installation by 2024. So, I think that is something which is going to be very strong. So, basically just to summarize we are going to focus on coal, hydro and gas. So, the business of the Company largely is coal which is roughly about 80%. When we say coal fired power plants we are into new build when we say we do have the factory in Durgapur which was producing and supplying boiler pressure parts for the coal





fired power plants then we have the emission control equipments which is FGD, NOx, etc., which is a part of the project portfolio then we have the other components which we do services of the power plants ~~which is across the entire power plant~~ which is parts, repair services and upgrades of coal fired power plants. This portfolio is roughly 80% and then hydro we do pumped hydro storage projects, we do get one large project once in a while and then usually the execution timeline for these projects is larger and then the third business is gas which is pretty much internal captive business and that business is on new build side where we do provide certain services to the global best companies, but this is at less than 2-3%, of the volume. So, it is a very small portfolio.

**Moderator:** Thank you. The next question is on the line of Ramesh a Retail Investor. Please go ahead.

**Ramesh:** I just wanted to understand the status of de-promoterisation whether we receive any update from the promoter and second what would be the like road map of our Company in near future like if you consider this FGD orders and other pending once they are done then what would be the our activity or the regular business to support the Company as well as to the investors and the final question, so what would be the reserve like we have once we planning to debt free our Company by next quarter?

**Prashant Jain:** So, I will take the first question on the de-promoterisation. We will update you as soon as we hear something. The promoter has announced 36 months for the de-promoterisation and at this point in time we do not have an update on that. On the Company strategy we know that the newly build coal demand was dead for the last four years. There was a market in FGD and therefore the Company strategy was to be an emission control Company, support the market with FGD technology where the Company has a big advantage. The second focus area for the Company was to develop and grow the service business which is constantly on track with almost 15% to 20% growth that we have demonstrated in March and we continue to see a good response on that strategy going forward that was the second element of the strategy. Hydro is selective orders as it meets our profile of risk margin, etc., very selectively only if it is a private player then we are picking a selective orders on hydro and gas is a very selective internal captive business where we continue to operate with our cost as margin which has been marginally declining because there are not many global new gas projects that the Company has been taking, but this is an internal captive business. So, this is pretty much the strategy with which we wanted to move towards a transformation, to say okay short term there is a demand, we address that demand and then we start building new capabilities as we see de-promoterisation happening then we would enter into new areas of business. We are L1 in few FGD orders but unfortunately the tenders are not converted into orders because of the extension of timeline granted by the Government for two years. We have optimized the capacity for Durgapur to 1,80,000 hours where we have a tremendous capability to offer not only pressure parts for boilers, but also to other metal fabrication industry. So, this shop now has no new boiler order pending on the shop floor, but we have been able to roughly get about 1,00,000 hours loading the capacity is 1,80,000 hours. So, we have got about 1,00,000 hours loading on this factory largely from service and



some new non boiler areas and we are working to expand our offerings into these areas so that we can get started, get more load to the factory. So, we optimized this factory from roughly few years ago 2,50,000 hours capacity down to 1,80,000 hours capacity. We don't think it makes sense to go further below in this capacity we need to maintain the competence and now the focus is on bringing orders and trying to bring back growth. So, the strategy for the Company in the short term is to ensure that we continue to grow service. We continue to improve our industrial service orders and industrial orders and then to also capture as much FGD as we can in the next couple of years as the demand comes back. As we do this and as we move to the next phase then we will move towards the next phase of strategy and that is currently the bridge to ensure that we collect cash and become cash positive and execute the backlog well and start the new areas of operations into Durgapur and eventually build up this to the future. So, FGD pretty much is a very important segment of the strategy to build a bridge in entering towards the future. So, that is where we are in the in the strategic planning process. As regards your question on the cash collection, of course the cash what Yogesh mentioned we will be cash positive by end of the financial year and after that the cash reserve I think I will ask you Yogesh to comment on that.

**Yogesh Gupta:** So, basically we would start building up our cash kitty beyond 31st March 24 which will come handy in the future acquisition and expansion of our business.

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

**Danesh Mistry:** Just one question this repayment of the borrowing, do you plan to do it by 31st March 24 or before that?

**Yogesh Gupta:** Well Mr. Mistry we would be targeting to do it before.

**Danesh Mistry:** And the INR 1,300 crores also we will receive by 31st March 24 in terms of receivables and retention?

**Yogesh Gupta:** Yes, we are targeting to receive INR 1,300 crores. This includes collection against revenue as per the contractual terms against the supply and services during the current financial year.

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

**Prashant Jain:** I would like to thank you all for joining the call today and I am happy to have been able to address your questions, looking forward to speak to you in the next call. Thank you all and thank you team.

**Moderator:** Thank you members of the management team. Ladies and gentlemen, on behalf of GE Power India Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines.