



GE Power India Limited

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11 December 2020

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 Investor meeting held on 10 December 2020

Dear Sir/Madam,

Further to our letter dated 10 December 2020, please find enclosed a copy of the transcript of conference call with Investors held on 10 December 2020.

**Thanking you,
Yours truly,**

For GE Power India Limited

**Kamna Tiwari
Company Secretary & Compliance Officer**



“GE Power India Limited Conference Call”

December 10, 2020



**MANAGEMENT: MR. PRASHANT JAIN – MANAGING DIRECTOR, GE
POWER INDIA LIMITED
MR. MAHESH PALASHIKAR – CHAIRMAN, GE POWER
INDIA LIMITED AND PRESIDENT & CEO, SOUTH ASIA,
GE POWER
MR. AMIR MUJEZINOVIC – HEAD OF BUSINESS
DEVELOPMENT STRATEGY FOR GE STEAM
POWER**



Moderator: Ladies and gentlemen, good day. And welcome to the GE Power India Limited Conference Call. 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.

The investor's presentation for this meet has already been uploaded on the company's website and on stock exchanges. You are requested to access the same from there. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Jain. Thank you and over to you sir.

Prashant Jain: A very good afternoon, everyone. Thank you all for joining the update call today. We had done an announcement on the 22nd September and post that we had the Investors Call. And we had received requests from our shareholders asking certain topics to follow upon. And there were three key topics that the investors had requested or the shareholders had requested, which we are addressing today.

So, one, there was a request that shareholders wanted to understand more about what GE is doing as a company in South Asia. So, we will touch roughly about first 10 minutes on GE South Asia. The second topic was, there was a request from a few shareholders to understand the promoter's view. So, we have Amir, who is joining us on the call from the GE Steam Power headquarter to address the promoter's view on GEPIL. And the third portion of the call would be to provide a general strategic update on the areas of focus that GEPIL will continue to focus.

So, these are the broad three agenda topics for today's call. With that, I would like to hand over to Mahesh Palashikar, who is the President & CEO, South Asia, who is responsible for the GE business in South Asia across all of GE. And he will take you through his presentation on GE South Asia. Thereafter, we will move purely to the GEPIL topics, the listed entity. So, for now, Mahesh, over to you on a general update on GE in South Asia.

Mahesh Palashikar: Thank you, Prashant. Good afternoon to everybody who has joined the call today. We appreciate you investing your time, showing interest and joining the call. My name is Mahesh Palashikar. I am the President & CEO across GE in South Asia. And as Prashant mentioned, over the next few minutes, I will give you an overview about the GE businesses that we have in the global portfolio. And then specifically, our presence and our activities and business operations in South Asia.

The presentation that we have loaded at the stock exchange's websites and on the company's websites is what I will be referring to. So, if you could please refer to that presentation. And in that presentation, there is a page, Page #4, that is the first page that I would like to talk about. So, please, if you can go to that Page #4. And you will see on that Page #4 the Purpose Statement of the General Electric Corporation, which is rising to the challenge of building a world that



works. This is a very powerful purpose that our company and everybody in the company and our stakeholders' community is focused on. This is something we take a lot of pride in the businesses that we have. This is the common purpose that continues to guide us. And this is how we serve the offerings that we have. Across the global General Electric Company, we have around 200,000 employees in more than 170-plus countries. So, our presence, obviously, has been there for the last over 125, 126 years. And we are strongly present in various shapes and forms in more than 170 countries. So, as you know, it's a very, very powerful legacy and history of our company that we have.

With this, if you please go to the Page #5, next page. This page gives you the four large industrial businesses, how the General Electric Company is today organized. So, in the global portfolio, there is a Power business, Renewable Energy, Aviation and Healthcare. Within Power business, we have several businesses, we have gas power, steam power businesses within that. In the renewable energy we have wind business, onshore wind, offshore wind, hydro, grid solutions business, hybrid business, LM wind power where we manufacture blades for wind turbines. As you can see, our presence in each of these industrial businesses is very deep and wide.

In the Power business, if you look at the transmission utilities that we support, almost 90% of the transmission utilities worldwide, 7,700 gas turbines across the world in our install base, as well as 6,000 coal and nuclear steam turbines.

The Renewable energy business has a very, very strong install base fleet of more than 45,000 onshore wind turbines. And as you probably might have read, the offshore wind turbines are also now gaining momentum in different parts of the world.

In the Aviation business, we have two large business portfolios. One is the civil aviation, which is basically the passenger aircrafts that all of us fly. And the second is the military aviation, which is more for the aircraft and navy and military use. In both of these areas, GE has very strong technologies and very strong presence. And as you can see, 37,800 commercial aircraft engines, around 26,000 military aircraft engines. And the heart of these aircrafts is the engine which is the technology that GE provides and supports.

We also have a very strong and technology leading Healthcare business where we have a variety of healthcare equipments; CT, MRI, ultrasound, pharmaceutical diagnostics offerings, of course, ventilators, patient monitors, X-ray machines, surgical equipments, so on and so forth. And if you look at the entire installations and install base that we have globally, more than 4 million equipments.

In addition to these four large industrial businesses, we also have many businesses which support the growth of these businesses and the technology and the progress for the new offerings. So, we have a digital business, we have a capital business which supports some of the industrial



businesses. There are global research centers that we have, I will come to what we have in India. We also have the global growth organization. And there is also an advanced technology business in terms of additive.

So, if you look at this entire page, the four large industrial businesses and the various businesses within that, which I have mentioned, and then the supporting businesses that you see at the bottom, this obviously shows you the strength of GE, and which we continue to evolve and develop as we progress over more than 126 years. And there are tremendous strengths in technology, there are tremendous strengths in terms of our global reach, there is tremendous strength of the talent, team, people, the global relationships that we have with our stakeholders, customers and partners. And obviously, this is something that all of us in GE are very proud of.

If you go to the next page, Page #6. This gives you a much more detailed view of General Electric presence and footprint in South Asia. While South Asia is a very large geography, but there are six primary countries where we have significant presence, India, Bangladesh, Sri Lanka, Nepal, Bhutan, and Maldives. And if you look at across the South Asia and you see the map on the right side, I am not going to read everything that you see on the map, but it consists of manufacturing facilities, it consists of research and technology centers, and obviously it also consists of office facilities. All in all, we have 16 manufacturing sites in South Asia, four technology and research and engineering centers, and more than 30 sales offices and office facilities. All put together, in South Asia there are more than 18,000 employees who are General Electric employees.

As I mentioned on the previous page, all the businesses that GE has, we are very fortunate and we are very, very proud that all those businesses, including the research and technology capabilities, all of them exist in India. We are very proud of the John F. Welch Technical Centre that we have at Bangalore. Just outside Pune, on a 70 acre facility of GE, GE has its own multi-business, multi-modal manufacturing facility. And the reason we call it multi-modal, multi-business is, it cuts across manufacturing activities for many of the GE businesses. There is also another Technology Centre at Hyderabad and then we obviously have many more manufacturing facilities for different businesses.

There are three important areas in terms of exports, which are also very, very high contributing activities from within South Asia. The Pune manufacturing facility which is across several businesses has a large percentage of their output which is exported to GE needs and GE customers and GE requirements across the globe. Similarly, we have healthcare facilities in the healthcare business at Bangalore, and those facilities serve our requirements for the Indian customers and Indian market. But we also have a significantly strong percentage of that manufacturing output which is exported to the global GE customers and global GE needs.

We also have a great manufacturing facility, as I mentioned, for LM wind turbine blades. These are the wind turbine blades. Obviously, as you know, this is the heart of the wind turbine and



these are large blades, they are manufactured for our market needs and customer needs in India, but they are also exported all over the world. So, this gives you a good summary of our presence across several cities that you see on the India map. We are also present in Bangladesh, we are also present in Sri Lanka, and you see that on the map. And then across various businesses, including research, technology and manufacturing.

So, let me please pause there. But these three pages, Page #4, 5 and 6, is what we wanted to share with you in terms of the overall activities that General Electric does in South Asia. It's my privilege to be leading all our teams and supporting the businesses here and serving our stakeholders. I am very thankful and grateful to you for joining today and listening to me.

So, with that, Prashant, let me please hand over back to you.

Prashant Jain:

Thank you, Mahesh, for providing the overview on the GE operations in South Asia. Now we come into the core of the agenda for your company, GE Power India Limited, the listed entity and the shareholders that have joined this call today. There was an additional request, as I mentioned earlier in the call today, from some of our shareholders who wanted to also understand promoter's view on GE Power India Limited, and especially in light of the announcement earlier. So, with that, I would invite Amir, who is nominated representative on behalf of the promoters authorized to speak on behalf of the promoter representing the global strategy on Steam and the promoter's representative in the call today. So, with that, over to you, Amir. Welcome to the call.

Amir Mujezinovic:

Thank you, Prashant. So, let me first thank you, Prashant and Mahesh for inviting me to be present at this investor's call. My name is Amir Mujezinovic, and now I am Head of Business Development Strategy for Steam Power GE. And my purpose today, as Prashant has already outlined, is to offer the view of GE Steam Power, and offer the view of us on the future of GEPIL and how we are assisting GEPIL in being successful.

So, for the purposes of this discussion, please turn to Page #9 of the presentation. These are the few key points that I will now cover. Over the last four weeks we had been actively involved with GEPIL, assisting GEPIL in the development of an updated long-term strategy. We, GE Steam Power has assigned certain resources, expertise to assist GEPIL in coming up with what the right areas of focus for GEPIL would be in the future. We have also engaged with a world-class strategic consultant, that strategic consultant is advising GEPIL in the development of this new long-term strategy. Having engaged with the strategic consultant that is assisting GEPIL in coming up with a new strategy, it will become more prudent what new areas of business GEPIL will desire to enter in. If, in case, those new areas of business do not have all the intellectual property needed to do those new areas of business, GE Steam Power, as the GEPIL promoter, is ready to engage in discussions with GEPIL about the possibilities of transferring that intellectual property right to GEPIL. In the context of the intellectual property, we can also confirm that



existing technology arrangements between GE Steam Power, the promoter, and GEPIL, that concern the usage of flue gas desulfurization technology in India, that those existing arrangements continue. And GEPIL can continue to benefit from the existing IP of its promoters.

So, I am sure you will have some more questions in the Q&A part of the call. But for the time being, this is all I wanted to share with you. So, Prashant, back to you.

Prashant Jain:

Thank you, Amir. With that, now we move to the steps post GE's announcement that we had taken. It's a recap. This is not a new information, this is a quick recap that 21st September 2020 was the GE's announcement. And GEPIL had clarified and done an investor call thereafter. And we had also updated the stock market on the 1st of November, 2020, on the intent to continue pursuing the FGD business opportunities in the country. And you have heard now from Amir, as well, on the continued support on the existing FGD projects to continue in India. The second area is, the GEPIL's Board will continue to evaluate the options, how do we repurpose or rebalance the portfolio. I will cover that in the next page. And GEPIL will continue the service activities for the coal power plants in India. That's the general sense of direction.

A bit more detail on the Page #12. So, what we as GEPIL today, the GEPIL mandate today is the emissions including the FGD business, the emissions business including the FGD and associated technologies and business. The second area is the steam powered services business, the hydro business and the gas business. So, these are the businesses that are currently today in GEPIL. The additional areas that we are exploring potential growth, as Amir pointed out in his earlier presentation, are, we are considering the expanded AQCS offerings into the industrial segment and other applications. So, that's an area that we are evaluating on top of what we are doing today. We are exploring to expand steam power services business. This is not new, we have been talking about this and we are reinforcing that this is a strategy that is in the right direction and we continue to focus. The additional topic that we are evaluating together is to add a center of competence with field service personnel which will provide certain geographical expansion to GEPIL. And this is what we will test and prepare by adding technical field service resources to expand to, say, certain areas in Middle East, etc.

The next topic that is in the remix that we are seeing is that we will repurpose the Durgapur factory for services. And we will explore additional opportunities to develop services from Durgapur. The flexible operations we see as an area that we will explore further in terms of how is the new renewable integration impacting the assets in the country. We are working now towards an integrated energy or electricity policy to, say, how will the ramp-up ramp-down renewable integration develop going forward. And how will the power plants operate in the new regime. So, the operations and maintenance of the coal fired power plants, that is an area that we would venture into. This is an area where we see opportunities and a change in market where our customers are going to face more challenging regimes. And we also see that there is a trend



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where technology that GE has will help in helping customers, managers, operations and maintenance better.

The additional area that works upon the existing competence of what GEPIL has is the waste-to-energy basket, where we are working on the emissions and the pressure parts portfolio to add additionally growth opportunities. That's an area that we are exploring and working towards, which is using the existing competencies and capabilities that we have. And further expanding the emissions portfolio, we are evaluating how can we integrate the biomass into the portfolio on one side, so that's for the fuel side. On the emission side, we are looking at how can we help customers manage better their ash management and so on and so forth. So, these are the areas that we have identified and we are evaluating as potential growth areas for GEPIL.

There was also a request from shareholders, so I move to Page #13, where I give a general sense on the direction. I would remind you that these statements speak of their date and should be construed as a strategic direction in the portfolio mix. So, if we baseline to 100% as the total and not the absolute in the numbers, then the present mix on new build to service is largely towards new build, because we are still executing a very big backlog on the new build side. However, in over three years, the strategic direction of revenues looks in the ratio that we are showing here. Similarly, their focus is to build upon the non-EPC business. So, we are moving away from the large EPC, full EPC scope. We will selectively still continue on certain FGD EPCs, but we are moving towards more, we are expanding our portfolio towards industrial, rebalancing towards industrial applications where there will be lower EPC segment. And therefore, that will be margin accretive, cash accretive, currently the large EPC PSU driven has a longer cash cycle. The business that we will focus will have a better cash cycle going forward, which is non EPC. But there will be a good rebalance in the portfolio.

Third area that we are looking at is government versus private. And we have a large share today in the backlog from the public sector. The market opportunity that we are focusing, which I outlined in the earlier slide, we will target a larger share also outside the current government sector that we are holding. So, we are looking at balance in a portfolio tilting towards more private than government. And here we expect that margin and cash accretive deals should be possible, where we will be in a better flexibility to negotiate terms and conditions to be able to deliver better returns to the shareholders.

So, that is general trend or direction in the portfolio mix that I can share. Again, it's based on the order composition, the revenue may follow with the lag. I do not want to give any estimates or numbers but want to give a mixed balance in the portfolio as a general strategic direction so as to summarize what is the focus of GEPIL going forward.



So, with that, I would open to question and answers. And before I dwell into the question and answers, I have certain questions which I have received already from some of you. So, I can address those questions first, and then we will open up the floor for general question and answers.

So, the question that I had received was, what is the gross margin impact in the percentage mix in the last quarter result that was presented? So, the PBT percentage of sales was, there was an impact of roughly 1.4% on exceptional item related to boiler mills portfolio. Roughly 1.1% impact on the percentage margin was due to the zero margin sales, where we have an execution on an ESP contract which is still getting executed. So, that has roughly impacted the gross margin to that effect. And 2% was simply an effect of volume, where we had certain challenges due to suspension on COVID or due to the under-utilization in the factory. So, that was a rough impact in the percentage gross margin, and therefore the margin of the last quarter I wanted to explain.

So, that was one question on the financial parameters. Apart from this, we will address the questions as we move forward. So, we open up now for the question and answers.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Dipesh Agarwal from UTI Mutual Fund. Please go ahead.

Dipesh Agarwal: Prashant, my first question is, what will happen to the boiler pressure parts business which you sell, boiler parts which you sell to BHEL?

Prashant Jain: Thanks for the question. I clarified this in my earlier call, we still have a backlog which is largely tied up. The biggest customer today in Durgapur is BHEL. And I have also given in the earlier call the backlog that we have, which should last for the next couple of years in the existing pressure parts. So, that is the focus to execute, number one. Number two, we are in talks with BHEL. The license, as you know, expired in October 2020 and we are in discussions with BHEL in their interest on additional projects. At this point in time, there are not several opportunities in the market. And therefore, this will largely depend on if there is a demand. So, I had also earlier clarified on the order intake trend in the last three years in the earlier call, so I would not repeat those numbers, where we had said the backlog is largely reducing because we have not seen a lot of new build coal activity in the country. So, we will repurpose the pressure parts towards services, and we will repurpose the pressure parts business. So, as I said, Durgapur repurposing is the strategy that we are pursuing on what we can offer in terms of service modernization. And we will optimize the capacity to services. So, currently, the capacity is full and so far, therefore, the focus was existing new build to be executed. While we will see that the capacity will be available from next year onwards, we are increasing or intensifying our focus on service business now.



Dipesh Agarwal: Okay. So, basically, I was looking for clarification, the update at parent level doesn't impact our ability to expand or grow this business, right, on the boiler parts?

Prashant Jain: So, the boiler pressure parts, as I said, from new build side we don't see demand, this is all subject to what BHEL may want to do. So, as far as that is concerned, I clarified that it is largely dependent on whether there is a new opportunity coming in the market or there is a demand that comes to our biggest or the only customer which is BHEL, so it will be reactive to that. However, for services, for sure, we will continue to offer pressure parts in services and that we will continue to explore and move towards services.

Dipesh Agarwal: Okay. Secondly, when you say you are looking to expand your industrial offering, are you looking to actually build a captive power plant or waste-heat recovery for the industry?

Prashant Jain: So, at this point in time, when I say industrial, if you look, this I am talking about the portfolio within the Steam, largely today is tilted towards utility. That's the today's order intake, is largely towards utility, as I showed in the page on the graph. However, the market now that is opening up is largely industrial. And I have given this clarification earlier that this market is attractive, and we will now as a priority one use the existing corporate competence of emissions, which is primarily air quality control systems in the industrial segment, that is something that we will immediately focus on, on top of the FGD, that is semi-dry FGD where we need NID technology. So, that is going to increase our percentage contribution from the industrial sector versus the central utility. So, that is number one. Number two, there are applications in industrial which we are evaluating where we are able to offer from the existing portfolio of emission control like bag filters, ESP, etc., where we have an existing presence. We will expand or we will focus a lot more in that segment going forward. So, the current capacity is fully utilized towards the utility. And as this market is moving, we are also moving and we are able to utilize the existing competence and capacity towards the industrial segment. You can refer to the earlier investor call, you will get the details in terms of backlog, market opportunity in these segments.

Dipesh Agarwal: And lastly, if I can squeeze one more. Any sense what would be the technology absorption cost from the parent?

Prashant Jain: So, can you clarify what you mean by absorption cost?

Dipesh Agarwal: So, I understand you will get the technology which are with parent to continue your business as it is, some of the technologies or the IPs you don't have. So, when you do this, what would be the upfront cost which you would be paying?

Prashant Jain: So, at this point in time, as Amir has confirmed from the promoter's point of view, the technology is currently made available for the focus areas that GEPIL would like to focus on. And there are different technologies with different licensing agreements. And those are not significantly changing unless GEPIL feels the need to acquire or take over a technology and absorb it within



GEPIL. If we do that, then in that case the royalties that are currently being paid are based on the future cash flow that's the standard that any third party would validate considering a third party or a related party transaction, that would be applied in case you want to buy over a technology. So, in that case, then we will come back and disclose at the relevant level. But at this point in time, I don't see any CAPEX that we have to disclose.

Moderator: We take the next question from the line of Sanjay Doshi from Nippon India Mutual Fund. Please go ahead.

Sanjay Doshi: Sir, it is good to hear about how the parent is going to be fully supportive of all the areas that you talked about. I would like you to have some of your thoughts about the areas of potential growth that you have highlighted. If you can give us some sense about which of these areas you see there is a decent market today in India in terms of the Indian power landscape and which would be medium term growth opportunity as we move up the technical curve on the renewable side. And if you can put that in context about what has been GE's experience in other markets in terms of technology edge and what kind of competition we see over here?

Prashant Jain: Thank you for the question, Sanjay. In terms of the competence on technology, GE has unique advantage in terms of OEM competence. So, to give you an example, roughly about 35% fleet in the country is of Chinese origin and in that technology for the past several years, 6 to 7 years, there is a lot of reverse engineering done and lot of services that have been offered by GEPIL. And since in India, GEPIL has been largely addressing the OEM market, GE's installed base so to say is 3%, but GEPIL has been addressing the OEM market, working very closely with the headquarters. So, in this technology, we have seen an advantage that GEPIL has today especially when the government has banned the neighboring countries to participate. The second area that is in our experience the advantage that GEPIL has is that GEPIL is the only OEM in the country when you look at the top players, which has the competence across when it comes to services, competence across the boilers, the mills, the ESPs or the emission control equipment, services, digitalization, modernization, upgradation. So, the entire spectrum controls electrification. The entire spectrum in GEPIL, there is competence today to support a customer when it comes to service. What was not done so far is we were focusing on conventional services so far. We have found that the customers are now recognizing the value from GEPIL technology to be able to improve the overall plant performance either to improve the emission standards or to improve their merit order dispatch or reduce the variable cost or reduce the auxiliary power consumption, one of these 3 areas. So, we have created certain digital dashboards and tools in this connection and we are seeing a very positive response especially from the private sector customers who are now looking at the change in regime and looking at the new electricity regulations that are coming in, they are seeing great value in those discussions with GEPIL to take advantage in this segment. If I name the biggest player in the country, the biggest player in the country relies on technology. So, they rely on licenses. They do not have own technology. So, the key differentiator when you consider building a new unit versus servicing existing unit.



While building a new unit requires certain element of design engineering, but service requires a different element of experience and that is where the technology edge exists where all the latest technologies that GEPIL has and can be or the GE and GEPIL can be applied on services. So, this is a differentiator and that is helping the service numbers to develop. So, if I have to give you an example and there was a request from a shareholder on to share further transparency on the previous numbers on service revenue. So, I will give you an example on, say for example, I gave this direction last time in the investor call, but you still needed more information. The revenue from services in GEPIL was INR 263 crores roughly in FY 17-18 and that revenue was in the range of about INR 490 crores in FY18-19 and this is around INR 400 crores in FY 19-20. So, if I compare from FY 18-20 directionally, we have moved from INR 260 odd crores to INR 400-500 crores range. So, directionally, that is the growth that we have seen in pure service business revenue in the last 3 years. The order intake profile of course we have been similar in the direction trend and these gross margins in services are decent margins and these are accretive to GEPIL books. So, this is an area where, as I said that earlier the focus was largely in the last 3 years with close to a billion-dollar backlog was to execute on the backlog and build service business bit by bit. And as we move into the next 2 years, we still have to execute close to a billion-dollar backlog and then we have at the same time trying to also further accelerate the service business. That is what we will be focusing on.

Sanjay Doshi:

That was helpful. If I can just follow it up, if I take a particular example of say flexible operation, which to my mind would be relatively higher on the technology curve. So, what has been the experience that we, GE, has provided in other regions and what kind of competition is there in these kinds of businesses?

Prashant Jain:

So, when it comes to flexible operations, for example, let us say ramp rates, let us say technical minimum, technical maximum. So, we have several references across the globe when it comes to flexible operations, several references. Now, we are working with the regulators in the country and we are seeing now currently that the plants are operating already in a flexible regime today, though they do not acknowledge, but even today the existing power plants are operating with 26 different dispatch schedules today on a 24-hour dispatch basis. However, technology has not been deployed. So, with deploying of technology, we are now engaging with these developers on tools that can be immediately deployed with low investment into the plant. So, those technologies we are discussing with different customers today. Globally, we have a very strong reference, very strong proven track record. In India, we have done certain pilots and now we are seeing an increased traction especially now when new plants are not being added and as we see more and more renewable getting added to the grid, the regulations are also adapting and we see the new electricity policy, the ancillary policy moving in the right direction to support flexible operations. So, we see two trends here. One trend, developers who are going to be out of PPA will behave differently. The customers are still within the PPA regime. They have a different view, and we are seeing a right policy step from the government to allow flexibility to the developers going forward in the PPA and we are positive that this will open this market further.



Sanjay Doshi: Just last on this. What kind of competition we have, the kind of names we know or limited 3-4 players or you believe many more execution can be taken by other players?

Prashant Jain: I cannot comment on behalf of the competition. Of course, you are also following the same sector, but I can confirm with great confidence that the single source for an OEM or an OEM with a great technology advantage of the last 4 to 5 years on technology experience of reverse engineering on existing units plus the inhouse competence all local domestic in Noida and Durgapur on supporting a customer across the entire power plant right from emissions, water consumption, water cycle improvement, emissions management, optimum burning in the boiler, managing the cold cycle better, providing flexibility in the rotating equipment or managing the controls better, faster ramp rates, providing better flexibility in the burning to be able to manage the NOx cycles. The entire technology, engineering competence and global class engineering competence is sitting largely within teams, within GEPIL and there is a good amount of experience and support also available from GE and that is continuing to be available.

Moderator: Thank you. The next question is from the line of Sailesh Bhan from Nippon India Mutual Fund. Please go ahead.

Sailesh Bhan: Couple of points. One, the services business which is our key focus. Directionally, how difficult is to scale up in the sense in the context of, I am sure this is more manpower intensive or capability intensive and should have less challenges than other businesses to scale up. One is what is the ability of the company to scale that up in a shorter period of time especially when one part of our business is being lost.

Prashant Jain: So, in terms of scaling up the business, we have been focused to ensure that we develop competence, we execute, we learn, and we multiply. So, when we do the OEM business, for example, now if I have to give you an example, a turbine unit or a generator unit or a boiler unit if we have to do a boiler for sure, we have lot more opportunities where we are also original equipment designer for about 60-70% of the installed base in the country. There are steps involved and those steps are – one is the empanelment that is the access to GE to be able to serve this customer and that is the first go-to-market strategy and here, we have been focusing significantly in the last one year to ensure that the empanelment and the approach become higher, number one. Number two, which is a one-time process and one-time effort to again ensure that in every government customer, private customers, if the penetration is a lot higher and easier and the government customer side, that is where we are working on the empanelment of GEPIL as the service provider for a OEM fleet and this is where we have a plan for the next 1-1.5 years to ensure that this increases from low levels to a very high level. So, this is one which creates the future pipeline. So, this is one area which is one-time effort will be probably concluded in 18 months from now, which will keep opening doors for future development of business. The second area is the technology development which we have been doing for the past 5 years. There are about roughly 1000s of components when we come to these equipment. So,



in the thousands of equipment of power plant, when you start reverse engineering, there are 3 phases. One is when you do the reverse engineering, you are now capturing the data usually or investing into capturing of data on a service outage. So, that is one step 1. When you have done that, then you wait for the opportunity and then you multiply. So, this stage typically takes us a year or two and here, we have been engaged in this activity for last 4-5 years and we see that typical benefits take around 3 to 5 years to multiply. And so that is again as I said depending on the stage that we are with the customer, you will see that cycle happening step by step. So, that is the second area. The third area, which we are focusing on is the flexibilization of the services across the plant. Here, I see that the operations and maintenance of service and in the total plant area, the larger market will be accessible within the next 1-1.5 years, which will be a big change in terms of the accessible market. Here, the investment is more of the right partners and right references and the right set of competitiveness that is required to address this market, right set of partners which we are working today, and this will probably take a year and year and a half for us to come back and put out on the progress. But all these are not being started today. The good news is that it is not that we have started this today, we are being working on the strategic steps for the last 3 to 4 years. The market is seeing the reality today, but there is good amount of leg work done and there is a good amount of leg work we will further continue to explore as we move forward. I hope this addresses your question.

Sailesh Bhan:

Just the continuation of this. Obviously, the addressable opportunity was there in the system, right and we have put in effort to reach an X level. Now once we cross the 3 steps or 2 hurdles that you talked about, one was empanelment and users demonstrating our technology capabilities. Will the addressable market effectively available to us change significantly in the next 2-3 years after these 1-1.5 years of demonstration or performance on the ground?

Prashant Jain:

So, there are 2 areas of this. So, I will answer this in 2 steps. First step is external, and second step is internal. What is in our control, what is in the control of the market. So, let me first comment on the external. On the external market, the market we look at it is in terms of two core markets, one market is the basic service business which is parts, repairs and services. This market is fairly stable. So, in this market, the steps that I outlined to you earlier demonstrate the impact. So, this is where we are seeing a consistent improvement say from the one quarter to the third to fourth quarter, we see a clear shift, and this is moving in the right direction. We do not see a concern and we expect this trend to continue for the next years, which is the basic service business. The second portion is the upgrades and modernization, retrofits and the other areas where we see that there will be project intervention like implementing a biomass cycle in a plant or modifying a particular cycle in a plant or emission cycle or those kind of interventions that we may require, which can be classified so to say smaller upgrades that portion of market is external. So, there, the market share has been very high. So, the market share in that area because that is a technology where market is fairly open and there is not a lot of competition. In that segment, the market shares have been in the range of 35-40%, but that market again is external. It depends on the cycle of the market as the customers decide. But here, we have a fairly larger



market share. So, our approach in this segment of the market is to grab and retain that market share as the market upholds and also continuously work with the customers, with the regulators to explain the benefits of implementing these upgrades in the long-term renewable integration scheme of the country. So, that is how we will address to that market which I said will depend external largely. The first portion will be largely driven by the measures that is completely in our control. So, the last year the entire focus was to build upon the conventional service business and now, we are working on the regulations in the midterm as I have explained earlier in my slides with the various ideas. So, this is kind of a mix of what we will do internally from internal control versus external control and service versus upgrades obviously the market will react.

Sailesh Bhan:

And one last point to make generally, one is that this shift of business of GE globally has had a significant impact on the value of the Indian stock, right and could there be some alternative approaches to enhance the value of Indian company by either using advantage of buyback or such measures in the current environment? Is the balance sheet well capitalized to be able to handle it?

Prashant Jain:

Let me address this first and then I will pass it over to Amir. Look, the focus from GEPIL is to focus on margin cash accretive deals and improve the performance of the company, and this focus in a changing market will not change the focus on focusing on margin accretive and cash accretive deals. So, if we do this right, we do not comment on what the market will perceive as the market value because there are several variables which are not in our control. Neither we would like to comment nor reflect on how the market perceives it, but this is what is in the hands of GEPIL management to focus on cash positive margin accretive deals diligently ensure we focus on the execution and ensure that we are able to bring the entire margin into the books as cash. Currently, we are unable to because of the nature of the portfolio mix, but in future absolutely that is the focus to be able to focus on this, so we are able to convert the margin into cash. On the second portion of the question, I would go to Amir. Amir, you may want to comment on that?

Sailesh Bhan:

Yes, if you look at the valuation where the stock trades at today because of the recent development which has happened, it has lost more than 50-60% of the value and it is primarily attributed to the shift and strategy globally of GE. One way would be given the challenges of valuation today, alternatives like the company doing a buyback or promoters doing a creeping, allowing to reflect true value of the business in the market place today because today there is a lack of or there has been a lack of comfort at least in the recent few months because of the development on the longevity of the business which to a large extent, Prashant has clarified in 2 or 3 conversations on conference calls which the company has held, but additionally as a measure to reflect on the confidence of longer term outlook for the business, GE as a promoter has other options also to create value, whether it is showing the creeping to the extent allowed or possible within the gap available and second also is the fact that the company itself would have reasonable resources to do a buyback, so any comments on these points?



Amir Mujezinovic: Our task here is to assist the GEPIL team in executing the existing projects. We are also assisting the GEPIL team in coming up with long-term strategic direction as we discussed a few minutes ago and this is what we are focused on. So, this is the area where the promoter is actively helping GEPIL team and we asked the stakeholders to rely on GEPIL's disclosure and not on the market rumors and speculations, so that is how we see our role in the promoter, assisting GEPIL and executing the existing projects, assisting the GEPIL in coming up with the uptake in a long-term.

Moderator: We take the next question from the line of Deepak Narnolia from Birla Sun Life Insurance. Please go ahead.

Deepak Narnolia: I have a question regarding your reply in your earlier question where you said that in the scalability of services business and you talked about some empanelment of government orders, so I was just trying to understand that BHEL has very large market share and very established position in this government sector, so in that scenario and BHEL is also going through similar lack of orders in the market and they would be quite aggressive in the services portfolio, so in that scenario, what is your view on that? How far you can?

Prashant Jain: We are coming towards the end of the call, so this probably could be the last question I could address, thanks for that. I would not comment on BHEL, it will not be fair especially to share the competitive advantage or the strategies in public domain; however, as I mentioned earlier that the success, if I compare the 2018 numbers to 2020 numbers, obviously the customers have seen value and therefore the numbers have grown, so I can only prove that from the numbers and the performance where lot of customers have placed their confidence and trust on the technology advantage. The difference is, if there is a license for new build and there is no license or technology for service, building a new machine to perform for the first 10 years vis-à-vis upgrading or servicing an existing unit with respect to the site tolerances and the abuse in the operation regime that the machine have gone through 8 to 10 years are totally 2 different technologies, so while you produce a unit, the same start will not fit say, may not fit necessarily and in terms of delivering the right performance, after say 10 years of operation or 8 years of operation, it may require certain technology engineering modifications in the backend which are related to core deploying of technology. To give you an example, in the last 50 years, there are technology upgradations happening constantly every year and those technology license agreements of the existing units were probably a result of 10-year-old technology or 15-year-old technology or 20-year-old technology, but when GE provides service today on an existing equipment which is old, then that advantage is unique, and this will not be seen by customers from anybody else in the market. That is the advantage that GE has and that is the reason why we have been successful so far, it is technology driven, number one. Number two, we are of course competitive, and we are making good margins and that also shows that despite of participating in public tenders, winning on L1 basis, we have been able to make decent margins so far.



- Deepak Narnolia:** Just to add on this, a simple thing, if you allow us?
- Prashant Jain:** We really are overtime, but please very quickly.
- Deepak Narnolia:** Yes, the number you mentioned, these 250 crores to somewhere around 400 crores, so in that journey you had success in government sector?
- Prashant Jain:** Largely across all sectors, yes, across all sectors including government and private, yes. There are certain accounts where we have made very good inroads and there are certain accounts where we have made partial inroads and we are working on expanding that, yes.
- Moderator:** Thank you. Ladies and gentlemen, we take the last question from the line of Renjith Sivaram from ICICI Securities. Please go ahead.
- Renjith Sivaram:** Sir, just I think this FGD you had provided a good clarity, but just if I have to reiterate like the last part what we wanted to understand is that, can we participate in new order where we have a dependence with GE global for the patent and especially in the NTPC or some of the state government entities where they had the specific plot, so just wanted a clarity on that front, what is the current strategy?
- Prashant Jain:** This is the last question, sorry about that, we are already overtime, but I will address this one. I have confirmed categorically the data and numbers on the 1st of November 2020 on the market which is available to us today, so that is the confidence that the company has and Amir has confirmed support on behalf of promoter to address that market. As regards the government tender of NTPC is concerned or public sector tenders, there is only one lot left from NTPC which is lot 6 and that is a project specific strategy, so it will not be fair to share in the open forum because there are several moving pieces there, the tenders have also consistently been postponed because there is double challenge in terms of the neighboring country import ban and the tenders have now been pushed out again from most probably towards January, so this has already been postponed for the last 5-6 months and again being postponed simply because lot of moving pieces in that, so deal specific, I will not address, but market specific categorically yes, we are confident that we are able to address the market as I confirmed them on 1st of November 2020 and as now we have also executed certain projects in India. For certain state tenders, we are now seeing possibility that GEPIL will qualify based on the experience in India, but that in any case I have explicitly clarified on 1st of November 2020, please refer to that, largely that is intact. On top of that, yes, certain projects, GEPIL will be able to qualify and GEPIL is working towards that and that will be marginal upside to what we have confirmed. Does that address Renjith your question?
- Moderator:** Yes sir. Thank you very much. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Prashant Jain for closing comments. Over to you, sir.



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December 10, 2020*

Prashant Jain: Thank you all for joining and I would explicitly thank Mahesh and Amir for joining the call and I also thank all the shareholders for the questions and also the feedback and the idea that they have shared, and we hope we were able to address all your questions today. Looking forward to continued engagement with you. Thank you all. Have a very good evening. Thank you, team, for supporting and hosting the call. Thank you all.

Mahesh Palashikar: Thank you all.

Moderator: Thank you. On behalf of GE Power India Limited, we conclude today's conference. Thank you all for joining, you may now disconnect your lines.