



GE Power India Limited

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24 October 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 23 October 2020

Dear Sir/Madam,

Further to our letter dated 22 October 2020, please find enclosed a copy of the transcript of conference call with Investors held on 23 October 2020.

**Thanking you,
Yours truly,**

For GE Power India Limited

**Kamna Tiwari
Company Secretary & Compliance Officer**



“GE Power India Limited Investors Conference Call”

October 23, 2020



MANAGEMENT: MR. PRASHANT JAIN - MD, GE POWER INDIA LIMITED



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Moderator: Ladies and gentlemen, good day, and welcome to GE Power India Limited Investors 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. 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, Managing Director. Thank you and over to you, sir.

Prashant Jain: Very good afternoon. Thank you, Aman for the introduction and very good afternoon, welcome to all. Thank you for joining the call today. The context of today's call is to discuss the announcement made by GE and the impact on the GE Power India Limited business today.

So jumping into the slide on the announcement of GE, GE announced on the 21st September, the intention to exit the new coal power market. The steam power business will work on existing obligations which means all existing backlog will be executed, all existing contracts on the new build coal will be executed. The exit would include divestitures, site closures, job impacts and appropriate considerations for publically held subsidiaries. So GE is mindful of GE Power India Limited which is a stock market listed entity and the interest of the shareholders including the minority shareholders and GE Power India Limited board will take a call for GE Power India Limited, as a global organization GE has taken the call for their business. The call today is to clarify to the extent of information available with us, with you all and to clarify what this means for GE Power India Limited. GE Steam Power will continue to deliver new build steam turbines for nuclear and service markets for the coal power plants. So these business lines will continue as a part of GE Steam Power business worldwide. So this is the summary of the announcement that was made on the 21st September 2020. We had disclosed this announcement already on the 22nd with you all.

Now coming to the GE Power India Limited business and as you are all aware, your company is engaged in 3 business areas; steam power, hydro and gas power. The announcement that we speak about today entails the steam power business. So in today's call, we will focus on the impact on the announcement on the steam power business in the GE Power India Limited in the 3 business areas. So the 3 business areas that in steam which are primarily with the 3 business segments within steam are the boilers, the air quality control system which is the FGD business and the services. So these are the 3 businesses within GE Power India Limited, which we will touch upon today in light of this announcement and will provide you all clarifications available as on date.

Before I venture further, I want to give you some sense on the backlog that GE Power India Limited has today. As of June 30th, 2020, the total backlog of GE Power India Limited is Rs.7,498 crores, so you can say about Rs.7,498 crores is the backlog as on 30th June, 2020. of which, the steam backlog is about Rs.6,027 crores which is 80% of the total backlog of GE



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Power India Limited That backlog is split between the steam backlog which is about Rs.6,027 crores **which includes boilers, AQCS and services.**

So as we move forward and I will give you context of this business and the context of the significance of whatever discussion we do today. So the first business segment that we will talk about is the boiler business segment. So I would like to update on the boiler market, what you see on the slide on the left is boiler, the coal market which is primarily the boilers that we serve via GE Power India Limited. The market was about 35 gigawatt 10 years ago and this market has crashed and there was nothing ordered in 2020. So to say from the order intake profile for GE Power India Limited, there is no impact that we can say on account of this announcement, this market has been on the decline and for the past few years, we see that the market has the capacity of about 35 gigawatts, but the ordering has been in the tune of a few gigawatts for the past few years. So here, there is a trend which is in the market. The market is declining and the focus has been over the last 2 years to build the services segment in this market.

Now, what is the backlog and what is the GEPIL undertaking?. We have a factory in Durgapur which has ~650 acres of land including townships in West Bengal. The current backlog on the boiler is about 650 crores. So that is the backlog and this backlog will last for couple of years more. The thing that we are looking at proactively and this again is not in the lines of announcement is how can we adjust the backlog with the capacity of Durgapur in future to see what we can do in terms of adjusting the load and the demand on the factory and future of Durgapur. So here, I would say this is a market reality that we face and if I have to say does the announcement have an impact per se and this area of the business, the answer I would say is no.

Going to the next business segment, which is the Air Quality Control System which is the FGD, the Flue Gas, the wet FGD and the dry FGD markets. Of this, I will touch upon the markets first which is on the left. The total market as we all know is close to 226 gigawatts. Out of this 226 gigawatts, 81 Gigawatts has been ordered so far and this market we see about 145 gigawatts will be ordered in the coming years and in this market in the orders that have been awarded 81 gigawatts, GE Power India Limited has had a very good market share and a good presence and the current backlog that GE Power India Limited has from this market is about 4,822 crores as on end June.

What is happening in this market is as an outcome of the Government's ban on neighboring land touching countries, there is an opportunity for the Indian bidders, the competition is shrinking. Because of COVID-19, there is an expectation that the deadline to implement emission guidelines will be extended by 2 years. The GE's decision to exit new build coals globally includes FGD and no further direct commitments to customers by GE on these markets. However for GEPIL for your company, GE Power India Limited, we are in discussions with GE to acquire and develop independent capabilities to bid. So when I say acquire independent capabilities to bid, I would like to make an additional statement here that GE Power India Limited is fully



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capable to execute the entire contract locally. The entire competence to execute, the entire competence to take care of the backlog lies with GE Power India Limited. The support that GE Power India Limited receives from GE is for certain vendors in the qualification criteria where there are requirements to furnish references and where there is a requirement to get DJU or a bond from GE headquarters to submit that bid. So that is an area where GE Power India Limited is in discussion with GE to acquire and develop independent capabilities to bid. The strategy for GE Power India Limited going forward in this market is to continue to focus on improved margin and cash in the new bids that GE Power India Limited will pursue.

The next business segment is services and here, the market on the left is coming from the latest estimates from the Central Electricity Authority and the report on optimal generation capacity mix until 2029-30. So what we see in the long-term trend when we look at the service market, on this slide we talk about the Steam Power Services. As I had highlighted earlier in my initial statement, we will focus on the steam power business fully in the call. So what we see now is the total market which is the electricity generation in terawatt hours. This is different than the installed capacity in gigawatts. So as you all may be aware that if I have a one gigawatt installed coal plant, it requires 5 to 7 gigawatt of solar or wind to replace 1 gigawatt of coal plant. So gigawatt is not the right measure to measure the impact of renewable on the grid is electricity generation. The right metric for measuring the impact on capacity on the grid is the electricity that come into our homes or on the grid in kilowatt hour or terawatt hours that is the units of electricity that we consume.

So if you look at the 2020 number, which is 72% that you see on the bar below which is 994 billion units of electricity is coming from coal and the rest of the electricity is coming from the other sources, totaling to about 1400 billion units of electricity on the grid in 2020. That was the amount of electricity that was fed to the grid in 2020, 72% of that has come from coal. Now when we move fast forward to 2030, the government's ambition to increase to 430 gigawatt plus in renewable energy will translate to about 801 billion units of renewable electricity to the grid and if you project the annual electricity demand until 2030, the projection is to be ~2500 billion units. So assuming that all the renewable addition plan are achieved and assuming that the demand on the grid is as CEA outlined to be ~2500 billion units, the demand from coal will still be about 1400 billion units of electricity in 2030 and there, coal plants are expected to deliver about 54% of electricity to the grid in 2030. That is the rough estimate as per the CEA for 10 years from how we see the demand coming to the grid. What this is important for us to understand is the implication on the services market in the long term where GE Power India Limited is active.

So here to summarize, we see that the best-case scenario for coal or the worst case scenario for renewable energy will be assuming the capacity is added as planned in the electricity plan. There will be stable generation from coal plants for the next 10 years and they would require services,



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they would require flexible operation regimes and this is a segment that GE Power India Limited is doing well and GE Power India Limited will continue to focus to grow.

I would like to give some sense of numbers here. So the current backlog is about Rs. 527 crores on the services, this is a good margin business. The market share in the segment is about 5% in 2020 for GE Power India Limited and this market share was about 3% in 2018. So there is a very strong growth that we see and we are pleased with the growth, it is stable, but it is growing in the area of services and we are assuming that this market will remain to be stable and will continue to focus to grow in the segment. Here, there is some dependency on GE as a promoter on the biddings; about 10 to 20% of the others, we are dependent for qualification criteria on GE. We are focusing on building this capability to build independently, but this is a business area that GE wants to continue as well. So this does not give us any cause for concern at this point in time. So these are the three business areas I have shared with you the implication, the current status on what the announcement entailed and what is the action plan that GE Power India Limited is conducting to deal with this situation.

The last slide I have is to briefly share upon a couple of points on the current COVID-19 situation. So among the current pandemic for the current financial year, the decision from GE Power India Limited is not to offer any salary hikes to any of the workforce and on the headcount, we are adapting to the market demand and business strategy per business segment. We are actively pursuing operational measures that is necessary to ensure that we have the optimum headcount for the demand and we adjust the headcount and adapt the headcount as the demand progresses to ensure that we have the right size and the right competence in the organization to address this business going forward. So this is the brief summary that I wanted to share with you all today and I would like to open up for questions. Thank you. Aman, back to you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Sanjay Doshi from Nippon India Mutual Fund. Please go ahead.

Sanjay Doshi: I have a few questions, I will start with the first part of your presentation itself where you have highlighted that GE is mindful of the listed subsidiaries and there could be some compensation, can you just elaborate a bit on this and how is the GEPIL board looking at this aspect from GE?

Prashant Jain: Sanjay, I have not said compensation, I have said consideration, so the word is consideration, which means that as per the good governance and standard practices, GE Power India Limited board and GE Power India Limited management has to take a decision regarding the business and the mandate GE Power India Limited, GE has announced its global intention to exit; however, GE Power India Limited wishes to pursue any one of the business area to adjust its market realities in the market, that will be considered by GE and the relevant technology with



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GE Power India Limited may so desire will be made available to GE Power India Limited. That is the essence of the announcement.

Sanjay Doshi: So just taking it forward, so how are we as GEPIL listed entity looking at the businesses which are currently there and some part of it which the parent is not looking to continue like including your boilers as well as your air quality control system?

Prashant Jain: So on the boilers as I mentioned earlier, boilers is the segment which is irrespective of what the decision has happened in the headquarters, the demand has been fairly low, so the capacity in India is about 35 gigawatts, the demand has been in the range of 0 to 5 gigawatts in the last 2 to 3 years. So the future of GEPIL strategy has been to build a portfolio of emissions and services. For the last few quarters we have been discussing this and presenting the strategy which has been to focus towards emissions and services, so *per se* boilers is not significantly affected by that. In boiler, the access to market for GE Power India Limited has been with BHEL with the technology license to BHEL and GEPIL producing for demand on BHEL and this license expires in October and at this point in time, we had a discussion with BHEL and those discussions are ongoing. There is no conclusion yet, but with those discussions or no discussion in the end, what we have to evaluate is what is the demand, how much would the demand be. So there are two elements that GE Power India Limited will be evaluating, one, what is the interest from BHEL in technology, number one. Number two is on supply side, on the capacity that we have in Durgapur. Today, we are focusing on the backlog, there is a good amount of backlog that we have to execute and there are certain capabilities in the factory, one there is extra capacity available, what will be the right decisions, those decisions will be taken at the right point in time by the board in GE Power India Limited.

Sanjay Doshi: Just last question on this aspect, you mentioned about Durgapur facility, can you give us some broader sense about the kind of workforce which is associated with the facility and what kind of gross block is there for that particular facility and after this, I will come back in the queue for rest of my questions? Thank you.

Prashant Jain: I will address one question here and then I will pass one, so the question that I would address is the capacity, the capacity is about roughly 800,000 hours today, so that is the capacity at Durgapur. At this point in time, there is a minor adjustment that we need to do, not major as there is still, as I mentioned about the backlog earlier earlier that we are focusing on executing the right quality cost and on the other side, we are currently focusing on evaluating what else can be done with respect to the competence in capability including services at Durgapur and we are evaluating. So this is something that we are evaluating at this point in time and in the coming quarters, we will come back to you and share with you the progress.

Moderator: Thank you. The next question is from the line of Bhavin Vitlani from SBI Mutual Fund. Please go ahead.



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Bhavin Vithlani: The first question is, are there any possibilities that just besides the boiler and the existing air pollution control that we could enter into the business from the other options of the GE because there are other businesses also that GE has and have set up in India?

Prashant Jain: So on the strategy part, we constantly review strategy. I will answer that question in short term, mid term and long term. In short term, there is a very healthy backlog of about, as I mentioned earlier, 7000 crores, the focus is to ensure we execute that backlog in cost quality and time. That is the focus in short term to ensure we execute the backlog, ensure that we have the right side of competence, capability and mitigated workforce to execute the backlog with good quality. So currently management's high level focus is to ensure on executing the backlog. Now, in mid term, the strategy as I earlier said with the current set of competence, there is an additional amount of focus on improving the performance of service business which is increasing satisfactorily as I said from 3% market share 2 years ago to 5% market share today and we see that additionally will further increase this market share. Now from mid to long term, what is it additionally that GE Power India Limited can do is a question that we are deliberating as a part of strategy and here from the current competence that if I look at the capability that we have from the profitability's in Noida or within the profitability's in GE Power India Limited, the capabilities that we have within Durgapur, with the capabilities are adjacencies that can be addressed so that topics that we are constantly reviewing and we will update you as and when we are deciding concretely.

Bhavin Vithlani: The second question is, to execute the current order book, would there be any funding or the working capital support that will be required because we have seen working capital moving up in the near term and how should one see the cash conversion cycle and if there is any need of funding is GE committed to lend funding support to execute the current order book?

Prashant Jain: On the cash curve, the FGD projects are primarily the projects that are with NTPC. The cash curve usually, especially in the lot 1, lot 2, lot 3, lot 4 projects, is negative from the initial months to until 11 to 20th month depending on the projects. The progressive lot 3, lot 4, lot 5, lot 6 progressively the payment terms have improved. So currently the early lot projects of NTPC are consuming cash and therefore there is a dip in the cash curve of GE but GEPIL has done to draw cash to manage the cash required for executing these projects. So I will not make a forward looking statement, but I would say that yes, we monitor closely the cash cycle of these projects and at this point in time, the company is making adequate arrangements to ensure the working capital to execute these projects is in place and the typical cash curve as I said is for an FGD project, the FGD project typically of 36 months assuming we conclude them on time. If there is an extension usually by year or two because of COVID-19 6 to 9 months, we can say it is a 3 to 4-year execution cycle. The early part of the cycle from 3 to 11 months typically would be where we can consume cash and then it will start delivering all cash back, so that is how the cash curve is. We are in the middle of it now, so this cash curve we don't see a major concern, it will follow the cash curve of the FGD cash of the projects.



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Moderator: Thank you. The next question is from the line of Ranjit Sivaram from ICICI Securities. Please go ahead.

Ranjit Sivaram: Sir, if you can just throw some light on our understanding with BHEL given the current because the previous agreement was supposed to last by 2020, so what is the current status of that?

Prashant Jain: So the current status of the agreement is that the agreement will expire in October as per the contractual needs. That is the current status.

Ranjit Sivaram: Will you be furthering that or with this announcement of GE does that throw a spanner on the works?

Prashant Jain: This depends on primarily, if I may answer it differently Ranjit, as you see the technology is a subset or the competence capabilities subset of market demand, so the current question is how many tenders are out there and how many of those tenders will require this technology going forward and that is the discussion we are actively engaged to assess how many tenders, how many opportunities out there in that market, what is the capacity and competency capability require in this market. That is how I would like to answer theoretically or hypothetically, as I said in the market slides. In the end the market that you will follow and it is not the other way around because the other way around does not help, it is market at the end, that will drive what will do.

Ranjit Sivaram: Okay. So, is the market is currently because of the demand scenario, it's here but tomorrow if the market improves then we will be in a better position if we already have that continuation of that agreement or what is the thought process on that?

Prashant Jain: I would say that at this point in time it will become speculative whether there is a demand today, the reality is the acceptance is not great, that is the reality we face today. So, it would be prudent to review the market and react to the market. So, that is how we will look at it objectively, to **proactively** look at the demand and react to the demand. And if there is a demand, for sure then GE Power India Limited Management and Board would like to review the demand and then the necessary steps if required can be taken, but at this point in time the question is about the demand, and we're addressing it. We are assessing from the demand point of view what is it that we need to do.

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

Deepak Narnolia: So, I actually just wanted to understand that what is the, given this announcement by GE what would be your future line of business, you have mentioned that you will explore, you will focus on services, first you will focus on execution of current order backlog. And then you said that



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you are in discussion with GE Power also with respect to FGD in India business. And so, I just in clear words I wanted to ask you, what will be the future businesses for GE Power in India?

Prashant Jain:

So, the three business segments that I outlined in the presentation. So, boiler services is something that GE Power India Limited will continue as capability of boilers is available in GE Power India Limited and complete capabilities for services for boilers is available and that business will continue. That's on the boilers, which is the first segment that I presented.

The second segment is the, apart from executing the boiler which I already mentioned, so it's the repetition but just to be clear. On the boilers we continue to focus on executing the backlog, we continue to focus on executing the services and building the services business in boilers that segment is what covers the first part of the business which is affected by the announcement. In my first slide, I already mentioned that we are today talking on steam and not on the hydro and gas because I would like to focus today to provide as much clarification as I can on the announcement in line of the announcement which is currently covering the steam area of business and within the steam these are the three business areas and therefore the boiler FGD and services.

The second area, is the FGD which is the emissions business and in the emissions number one of course is to execute the backlog, number two is to focus on the opportunities out there, that market is still having about as presented still many more gigawatts to be ordered. So that is an area that GE Power India Limited will continue to be interested in.

And the third one services which would continue. So, I hope that is what I have addressed. I would be only repeating myself if I have to clarify what I presented.

Deepak Narnolia:

So, you mean to say sir FGD right now, discussions are going on with GE Power and probably in some of the orders where license from GE Power is required for qualification in those orders. So, you are in negotiation with Global GE Power to find out some way that you continue to bid for orders in FGD, is that right?

Prashant Jain:

That is correct. So, let me explain that and good thanks for asking this, I will clarify this further. In FGD the market that is available for us in future is in three areas the state tender left, the NTPC ordering is almost over except in the lot six now, more or less the NTPC ordering is over. The future market that is available is the state, the IPP and the industrial customers that market is available. In this market for the industrial market, GE Power India Limited probably will be able to participate by itself, it is in certain areas. So 30% to 50% of this market, which is primarily the state market where GE Power India Limited needs GE headquarter support (for qualification. And that market is the area where we are working with GE as a promoter to seek that support to acquire that capability, that is the discussion that I mentioned in that slide. I hope that clarifies now your question.



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Moderator: Thank you. The next question is from the line of Bhaumik Bhatia from Birla Sun Life Insurance. Please go ahead.

Bhaumik Bhatia: Just a clarification, so I'm referring to slide #6 of the presentation. So, I am referring to slide #6 which states that there will be no further direct commitments to the customers by GE. Just wanted to get some sense, if you could put this in the context of the existing order backlog for GE Power India. And second question would be the following statement, where you say that, GE Power India will be in discussions with GE for capabilities. So, what happens to the future bid pipeline in the interim and would there be any lump sum payout royalty. How would that shape up going forward for these capabilities?

Prashant Jain: So, I will address the first part, which is easy. The first part of the question is, what is no further direct commitments by GE? So, this is referring to the GE's intention as a global company in the global markets, GE has decided to exit from the new build coal market, which includes FGD portfolio and therefore, wherever GE needs to make commitments by way of bonds or participating directly GE will not participate, that is a decision by GE.

Now, the next point says about GE Power India Limited. For GE Power India Limited emissions is an important market and GE Power India Limited would continue to acquire and develop the independent capabilities to bid. Now on the execution backlog the question that you asked the 100% capability, I would say 99.95% capability to execute the backlog is available in the country. So the teams are fully locally capable to execute the backlog there is not technical dependency so to say for execution of the backlog. So the execution of the backlog is not the, there is no impact on the execution of the backlog to clarify the second part of your question.

The third part of your question is on?

Bhaumik Bhatia: On the when you acquire the capabilities, would there be any payouts or how will it function. And just before that my follow up actually on the.

Prashant Jain: Let me process one-by-one. So, on the third part, I would not like to come with you with a definitive answer at this point I don't have. But yes, we are discussing currently with GE and as soon as we are able to conclude we shall very quickly come back and have a similar round of discussion or disclose it as soon as we have a definitive decision around that and we are working on that as a priority.

Bhaumik Bhatia: Sure, my just follow up on that previous response of yours was, basically what I wanted to understand is that while you are in discussion with GE to acquire these capabilities, does it in any way impact future ordering, which is what I was trying to understand, the execution backlog, I understand the execution side of it, but does it in any way hamper your ability to take future orders?



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Prashant Jain: So, again the answer I have addressed this earlier when I explained the market segment. When it comes to the industrial IPC market, we don't see an impact because this GE Power India Limited is able to independently qualify and participate. The state government projects where there are tender qualifications that call for references or certain requirements of qualification which may call for a GE participation, that is the segment that is impacted. So it is in that segment wherever to underline, it will be at this point in time speculative but wherever there is a requirement for GE to pitch in, that is the area where we are in the talks with GE. The other businesses bids are not affected.

Moderator: Thank you. We'll take the next question from the line of Harish Krishnan from Kotak Mahindra Mutual Fund. Please go ahead.

Harish Krishnan: First question, and you've elaborated on this, I just want to try and get an outer limit. I was asking since you said that it is your top priority in terms of trying to kind of work out on an arrangement with the parent principal sponsor, just want to get a sense as to what is the rough timeline we're looking at, could it be six months, could it be shorter than that, because that's a timeline where we are worried that you may be, your future bidding orders might be impacted?

Prashant Jain: It's a tough question to answer, because I do not want to make a speculative answer at this point in time. The idea is that if there is any way to bid that I'm not able to participate, I will probably come back and disclose if there is a material impact of this, probably we will come back and disclose. At this point in time I don't see or it is too early for me to speculate and say there is a priority for sure and as we are working on this at the top most priority this is what I can say for sure.

Harish Krishnan: Okay, fair enough understood that. Second was question I had that the center of excellences is at your Indian engineering team was also providing for the global pool be it in steam power, be it in I think even in hydro or maybe some other segments that you were providing center of excellence. How do these arrangements get impacted because of the global and an associated thing is while GE has these contracts globally, which have been long standing arrangements can that be an opportunity that India being reasonably low cost centers and having significant talent pool, that be a focus area for us to kind of provide services out of India, just trying to understand this concept. Thank you so much.

Prashant Jain: So, as I clarified in the call today, the announcement is specific to steam and therefore, for today's call, I wanted to clarify regarding this in the extent or the implication of the announcement on GE Power India Limited and that excludes hydro, so therefore I would not want to comment on that. That's not our context for today, but for sure, I would repeat myself on GE Power India Limited capabilities that exist from the existing capabilities of GE Power India Limited, including the center of excellence. Those capabilities will, we will leverage them for the value that can be created in terms of services that can be provided for needs and will



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continue to do so. Whatever is feasible and that as a part of operations and strategy we will continue.

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

Sanjay Doshi: I'll just make it quicker two questions. First is on, you try to elaborate about the air quality control opportunity or the FGD opportunity, where you mentioned that industrial or IPP capabilities you can take it forward and you can bid. So roughly, from the 145 gigawatt which you have mentioned, what would be the addressable opportunity where you will have to go back to your parent and take those considerations and what is there where you are actually going to take it forward on your own?

Prashant Jain: Sanjay 30% to 50% in terms of value is what I would say as the number that is where we dependent on qualification criteria. However, on the so the strategy has been and to be selective on state utilities anyway, so we will not be there's a cash requirements for the FGD project. And then there's an opportunity out there we will be selective in bidding and that strategy of selectively participating will continue, which is not changing per se. So 30% to 50% is the answer to be specific to what you asked.

Sanjay Doshi: Thank you for this. I'm just trying to take your thoughts on the services business, or the opportunity to work on the coal assets in India along with the renewable integration which will be a difficult task, will it be possible for GEPIL to work on its own across opportunities, which may come up in the next say three to five years and what is the trajectory that we are targeting on this, it is still not a meaningful portion, 500, 600 crores for a company of your size, if you can just elaborate a bit on this part please?

Prashant Jain: So Sanjay, today's context as kept for the impact on the announcement on the strategic direction for GE Power India Limited. I will come back and present the strategy when we have a definitive strategy considering including renewable integration and adjacent markets, that GE Power India Limited can pursue with its existing capabilities and with its partnerships that it has in the country. Those options we are exploring, and I will come back and presently when we are ready with the strategy.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from Securities Investment Management. Please go ahead.

Viraj Kacharia: Thanks for the opportunity, my questions have been answered. Thank you.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.



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Bhavin Vithlani: So this is on the hydro segment and given that the manufacturing facility is in China, here we are focusing more on the services, but the execution of the existing order book do you believe there could be certain challenges given the announcement that the government has done with respect to products coming from the neighboring countries?

Prashant Jain: So at this point in time, I would answer for GE Power India Limited including hydro. There is a portion of supply if I have to say in percentage terms across GE Power India Limited including FGD, hydro around depending on the project-to-project about 10% to 16% content, which comes from neighboring countries. So, depending on the project so, it's project specific and project specific discussions we are having with the customer and the Ministry of Power because they're very tender guidelines and every project has tender requirements, specifications which we have submitted furnished. So, wherever there is an implication we are talking to the customer informing them about the implications and taking it up with the Ministry of Power and the customer on the impact of the import, either it is cost or alternative supplier to be qualified or extension of time thereof. So this is an operational issue which the sector is facing today and we are partnering with the other stakeholders in the country to find a way that the country is able to have its domestic capabilities to address this challenge. So, this is a challenge that the sector is facing, including GE Power India Limited and the sector is finding new methods to resolve it. And is also representing contract-by-contract with the respective customer to find a method by which either they are able to follow the requirements or accordingly deal with the cost time and extension of time. So, those discussions are ongoing actively, it definitely has an impact on the entire sector. Thanks for the question.

Bhavin Vithlani: One more question, if I may. It's just a clarification, the announcement of exit for the steam business does it also impact the smaller turbines and the boilers which will be less than 100 megawatt sizes? Not related to GEPIL, but it's just a clarification if you can help it will be useful.

Prashant Jain: Yet to clarify the exit is only from new coal power market, it is not an exit from the renewable steam so to say or this industrial steam primarily which is the steam business that is going into biomass or waste energy, that segment is not in the list of exit.

Moderator: Thank you. The next question is from the line of Utkarsh Solapurwala from Damos Capital. Please go ahead.

Utkarsh Solapurwala: So, what are the challenges which we would be facing in ordering of new FGD. And second is, are we allowed to compete with GEs unlisted subsidiary in renewable power going forward?

Prashant Jain: I could not get your question, could you please repeat the first question and the second?

Utkarsh Solapurwala: So, what are the challenges which we would be facing in FGD tender ordering from now onwards after the GEs announcement?



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Prashant Jain: So, I have clarified this earlier at the cost of repetition, there is 30% to 50% bids in the future in the coming three to five years, which may require qualification from GE to be able to participate. And for that tenders we are in talks with GE to make sure that we are independent. So, at this point in time the other segments where there is no need for qualification criteria, there we are already participating and there is no change.

Utkarsh Solapurwala: And going forward are we looking for entering into renewable power space?

Prashant Jain: So today, GE Power India Limited mandate is across the business areas of the hydro within GE Power India Limited, steam power is the biggest business and a very small portion is gas, which is primarily the legacy package EPC package business as a subcontractor within GE. So this is the current GE Power India Limited business mandate. And at this point in time, there is no definitive new mandate, but as I said earlier, as we have a definitive strategy, I will definitely come back and present that new strategy to you all.

Moderator: Thank you. The next question is from the line of Ranjit Sivaram from ICICI Securities. Please go ahead.

Ranjit Sivaram: Yes, I wanted to speak regarding the services business, you had indicated we have close to 5% market share. So, who is the market leader in that segment or is it largely by the suppliers of these equipment's how can we then target to improve what is our long term target in terms of market share in the services segment?

Prashant Jain: So, the top player in the segment is BHEL. So, BHEL has the largest market share by install base, if you look at the country today roughly DBHEL has the largest market share about 50% to 55% roughly, then second market share is between the Chinese player which is about 25%, 20% to 25% and then it's the others. GE's own installed base market share is about 3%.

Ranjit Sivaram: Okay, so what is our target given the challenging environment, don't you think the BHEL also will be very aggressive in terms of pricing, so how do we plan to tackle this and improve our market share what is the thought process on that?

Prashant Jain: So, the statements which I made earlier Ranjit to give you, what we not use I will not talk about forward looking statements, but I will give you the data point of the record 2018, we were at 3% share today we are at 5% share in 2020. And there is a niche competence and technology that GE Power India Limited has developed over the years in terms of servicing all technologies including Chinese. So, there is a lot of reverse engineering capabilities, technology that GE Power India has developed to address the Chinese and to address the other OEM in the country. So, that competent gives an advantage to GE Power India Limited one segment of the market.

The second area is that GE is a technology owner and GE has been doing a lot of investments in GE Power India Limited as well in applying its own technology on the existing products and



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that gives an edge in terms of the latest technology on a 50 year old product can do changes in the existing products performance and those kinds of technologies provides an advantage to GE. It is technology driven advantage, it is some solutions that GE Power India Limited happens and we are not looking at an aggressive player this business is about creating value and we are very focused in creating value and capturing value.

Moderator: Thank you. The next question is a last question from the line of Dinesh Parekh from D G Parekh & Company. Please go ahead.

Dinesh Parekh: I just wanted to ask you, what is AQCS business is it related only to the power plant or for other plants also GE Power interested in doing this AQCS business?

Prashant Jain: So, the air quality control systems, it's a very good question thank you for that. Air quality control system has two elements to it. One is the electrostatic precipitator and the second is the FGD filters, et cetera. So, we do provide services to industrial segment including metals, paper, pulp industry, et cetera. So, there is this segment cuts across sectors in both industrial application and fossil applications, our strength today the big value that you see is coming from the FGD. But the dry, semi dry on FGD is for the industrial applications for smaller plants. Apart from that, there are applications in reducing of emissions and industrial applications, especially in the segment of metals, papers, et cetera. So, yes this cuts across apart from power the other sectors. But the demand is primarily being driven because of the change in regulation, there the emission norms have become stringent and therefore the big demand came from industry catching up to meet the emission guidelines.

Dinesh Parekh: Yes. Can I ask you another question?

Prashant Jain: Yes, please.

Dinesh Parekh: Yes, what is the percentage of business of hydro and gas power to the total business of GE at present and what will be in future that percentage?

Prashant Jain: So, the number I mentioned initially in first slot in the call there are share of backlog, and the same data I had shared in the AGM, roughly if I say today the backlog is about Rs.7500 crores is the total backlog from which Rs.6000 crores is from steam and roughly Rs.1500 crores is from hydro.

Dinesh Parekh: And what will the future of the hydro and gas will be in total business?

Prashant Jain: We usually avoid future speculative statements. So, that is our policy not to talk on future statements. We can discuss the market but not the financials.



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Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Mr. Prashant Jain for closing comments. Thank you and over to you, sir.

Prashant Jain: So thank you all. I enjoyed the questions and conversations and I appreciate always the support and positive ideas that I receive from you all. So thank you all and thank you Aman, Kamna and team for helping organize the call. Thank you so much.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of GE Power India Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.