



## GE Power India Limited

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29 June 2021

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

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

Symbol: **GEPIL**

Scrip Code: **532309**

**Sub.: Transcript of Earnings conference call held on 23 June 2021**

Dear Sir/Madam,

Further to our letter dated 23 June 2021, please find enclosed a copy of the transcript of Earnings conference call held on 23 June 2021.

**Thanking you,  
Yours truly,**

**For GE Power India Limited**

**Kamna Tiwari  
Company Secretary & Compliance Officer**



# “GE Power India Limited Earnings Conference Call”

**June 23, 2021**



**MANAGEMENT: MR. PRASHANT JAIN – MANAGING DIRECTOR, GE  
POWER INDIA LIMITED  
MR. YOGESH GUPTA – CHIEF FINANCIAL OFFICER,  
GE POWER INDIA LIMITED  
MR. VINIT PANT – CHIEF COMMERCIAL OFFICER, GE  
POWER INDIA LIMITED**



**Moderator:** Ladies and gentlemen, good day. And welcome to the GE Power India Limited Earnings Conference Call for quarter and year ended 31 March 2021. 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 of GE Power India Limited. Thank you and over to you, sir.

**Prashant Jain:** Thank you very much, Faizan. Good afternoon, everyone. It is my pleasure to join with my team, Yogesh Gupta, our CFO; and Vinit Pant, my Chief Commercial Officer who is responsible for sales, after a quarter.

Today, before I begin, I would like to spend some time and you would have seen the pages that we have shared on the stock exchange on Page #2, briefly addressing the agenda. Before I begin, I would like to spend a few minutes on safety on the current situation in the pandemic. And I do wish and hope and pray that all of you are safe, your close family members and close associates have fared well during the pandemic times. It has been a difficult period and I hope, and I wish and I pray that all tides well and we will emerge stronger from this crisis.

We begin with an update on safety in the period ending March 2021, going to the Page #4. The company, GE Power India Limited believes in safety as a priority and has been intensifying its focus on safety. Safety is not only good for the welfare and well-being of the employees but also important for the community. And it also improves operational performance. So, while we have celebrated the Safety Week, safety is a part of the culture, and this has also been recognized more and more by our customers. While in the year 2019-2020 we have received about eight awards, in the year 2020-21 we have received about 12 awards in recognition of the safety practices by the teams from GE Power India Limited. So, this just gives us confidence that we are in the right direction. We have close to now millions of man hour's work of happening on sites with the intensified execution activity of FGD. And therefore, safety is even more important to ensure that we deliver seamlessly at sites.

Moving to Page #5. I wanted to give you a quick update on what we have mentioned as the strategic direction that we would like to focus going forward, how do we fare in terms of the business mix in 2021 as compared to 2019-2020. So, there are three areas that we have identified as three-to-five-year strategic direction that GE Power India Limited would like to focus on. One is to position GEPIL as service business; two, to start focusing on non-EPC jobs so that we get better cash and margins. And third, start sourcing industrial or private business. So, this is a mixed result, I would say, though the percentages are higher in services. Service has been really very positive. We have a very big growth on the service volumes in the year ending March 2021. The service volume was in the order intake has grown by 75%. So, this strategy is very well on track. Of course, there was a challenge which we will talk about on the new build orders, which is also partly responsible for this graph to look like. And we will talk about this when we address the orders in the coming slides.



The second area that we are focusing on is to focus on productiveness and non-EPC business to de-risk the portfolio. And again, with a larger mix of services, obviously this is trending in the right direction. And on the government versus private, we still see majority of the strength still in the utility space happening from the government business. And on the private side, it is more or less flat. We saw in fact spending, we have seen more orders coming in from the government sector, that trend continued in the financial year. This is not a concern as we are still focusing on quality of the orders that we take. However, the strategic direction is to say, can we start getting more business from the industrial segment. So, this is a KPI that we will continue to monitor on a periodic basis.

Moving to the next page, Page #6. We have had some good highlights in execution, some of which I am proud to recollect while we still talk about the year's financial. One is, the top two pictures that you see on the left on top, these are successful execution of other OEM repairs. So, we have a very good success on services, on other OEMs, we have good order intake, and at the same time a good execution track record. So, this is something that I am happy to share, it's trending in the right direction. The picture on the right on top that you see is the progress on FGD sites and projects, where we are now coming into mid of the execution of the FGD projects. And in terms of a civil progress on the sides, we see very good progress, we are very happy to share that. And one more highlight that I would like to share is Durgapur. While we are executing the backlog of BHEL, we have been able to deliver 10,000 metric tonnes of pressure parts from various BHEL projects from Durgapur. So, some good execution, I like that keeps us proud, which is also reflected in the performance of your company.

Moving to the next page, I would like to focus on the key orders and highlights of the direction that we have done in the orders. I would request Vinit Pant, our Chief Commercial Officer, to address this page. Vinit, over to you.

**Vinit Pant:**

Thanks Prashant. I would like to take you all through the key highlights for the year 2021, the key orders which we won. So, I would start with the order for semi-dry FGD, which we won from Hindalco Lapanga site, which is 1x150 megawatt. It's a very significant order because it is our first ever order for semi-dry FGD. All the earlier orders which we have got in the past two years were for wet-FGD. So, I think it's a very landmark order for us and it would open the doors for many such orders for the smaller size units and units having less residual life.

We also got this DeNOx order we had earlier got from NTPC, some other orders for bulk DeNOx, but we got an order from NTPC Barauni again this last year. And from UPRUVNL it is the first order we got for DeNOx, I think it's a significant order from UPRUVNL for Harduaganj, Parichha and Anpara plants. So, these are all plants where by the statutory requirement they have to achieve 450 milligram per NM3. So, this UPRVUNL order was very landmark order for us.

Again in services, from NTPC Rihand we got a mills upgrade order, it was also first of its kind and once this has been executed successfully, NTPC is again looking for similar upgrades in the



other plants. So, again this is also a significant order for us. Services, as Prashant mentioned, we have a lot of focus on services. There has been a lot of growth last year and especially orders on the other OEM fleet which we have got significant orders, both from government as well as the private sector. So, this is definitely our area of growth and we are really moving in the right direction.

Hydro, for hydro we got an order for pump storage, 500 mega watt. This is from Megha Engineering, value was around Rs. 290 crores. So, we had a good mix of orders last year.

I think we can move to the next slide now. I think we will now go to the financial part and I will start from the orders, this is Slide #9. So, as far as the orders are concerned, as you can see from this slide, quarter four of last year we did around Rs. 186 crores while the earlier year it was Rs. 803 crores. And if you see the full financial year, we were at Rs. 1,161 crores as against Rs. 3,661 crores in the previous year. So, as you are aware, there was a fall in orders and it was mainly I would say due to COVID. As all of you know, a lot of ordering was delayed last year and most of it if you see 2019-2020, most of the orders which we got or a major part of the order we got was from FGD. And many of these orders this year, last year they got postponed, because of the COVID situation.

Also, the government came out with a change in law; there was an issue on import ban from neighboring countries. So, this also to an extent it contributed to the delay in ordering. Also, if you talk about FGD, there was an issue on the ambiguity of the timelines which also led to this delay in ordering. So, overall, I would say there were three reasons, one was COVID the Chinese ban and the ambiguity on FGD timelines, which majorly contributed to this delay in ordering. And actually we did not lose any order in this period, whatever happened; the drop is because the ordering got delayed. Otherwise, I think we were on track.

So, I would now move to the next slide. So, I would now hand over to Yogesh, our CFO. Yogesh, can you take us through revenue part?

**Yogesh Gupta:**

Thank you, Vinit. Good afternoon, ladies and gentlemen. I would take you through the revenue and profitability. And if we are looking at the Slide #10, the quarter was a very good quarter for us. We increased our revenue by 27% vis-à-vis the same quarter of last year. We had a revenue of Rs. 930 crores against the revenue of last year of Rs. 732 crores. And this was primarily attributable to the very healthy backlog that we had at the end of 2019-2020. So, this really contributed to a very good revenue growth on the annual basis for the fiscal year 2021 as well, from Rs. 2,445 crores we increased the revenue to Rs. 3,343 crores, a growth of exactly 27% as was in the fourth quarter. And we continue with a very healthy and strong backlog of Rs. 5,410 crores at the end of the fiscal year 2021.

On the profitability, which is Slide #11. We had the profit of Rs. 241 million - Rs. 24.1 crores; this was after exceptional item of Rs. 89 million. Rs.8.9 crores was primarily the restructuring cost. And if we compare it with the same quarter of last year, last year we made Rs. 25.4 crores



as profit. And here, if we look at the percentages vis-à-vis revenue, this profit of fourth quarter 2019-2020 was 3.5%. And if you look at the operational profit without exceptional items, profit before tax, this is a Rs. 330 million - Rs. 33 crores which is again 3.5% of the revenue.

If you look at the annual profit, this year we made Rs. 95.1 crores as the profit and this was primarily impacted by our exceptional items of Rs. 36.3 crores which is primarily attributable to the restructuring costs that we have carried out in the last fiscal. And if we remove this exceptional item, our profitability was Rs. 131.4 crores. If you compare this percentage of profit with last year, the percentage of this year, if you look at Rs. 951 million, it turns out to be 3% of the revenue, whereas if we remove the exceptional items, it is 4%.

And the profitability last year was boosted by an exceptional item on account of sale of real estate in Vadodara by Rs. 32.9 crores and total profit was Rs. 173 crores, including the exception item. And if we look at the profit, which was without the exception of items, this was worth Rs. 140.7 crores, which was almost about 5.7% of the revenue.

So, I would say, in these challenging times we have had a decent reasonable profit that we could make for the full year. Prashant !

**Prashant Jain:** Thank you, Yogesh. With that, briefly explaining the financials, we would be open to questions.

**Moderator:** Thank you very much. We will now begin the question and answer session.

The first question is from the line of Renu Baid from IIFL. Please go ahead.

**Renu Baid:** Hi, Good Afternoon Sir. Congratulations for a good 4Q. I have a few questions, so my first question is, if you can help us understand, broadly our revenue mix seems to be driven by FGD execution. So, when we look at financial 2022, are the bottlenecks significantly lower than the last year and the revenues going forward also mirror the same mix or are we expecting an improvement in the mix as well? Also, what would be the status on the completion of those old loss orders for the ESP project?

**Yogesh Gupta:** Thank you for the question. I would start with the second part of the question, which is with regard to the orders that we had or loss or with zero margin. They are executed to the extent of about 80%. And we have another about Rs. 100 crores to go on these orders. And the likely completion for the two orders out of the three is mid-2022, and the third order will be completed by mid-2023. So, this is on like the orders on loss that we have. And coming to the mix of sales, this year has been very well, I would say, there have been huge contribution from our FGD portion to the extent of almost about 60% contribution of revenue comes from the FGD portion. And there has been a shift in our revenue mix; like now it is predominance of FGD orders, and we have lesser of boiler orders. And this mix is likely to continue in the coming year with predominance of FGD orders which will be turned over. And with regard to the bottleneck, we had two challenges coming or emanating because of COVID wherein we were impacted by some



supplies from our vendors. We were also in the lockdown, plus there was a shortage of manpower on different sites. But we are clearly ramping up and these bottlenecks will be addressed.

**Renu Baid:** Okay, sure. Sir, the second question would be to understand the broad, as in, while I understand FY 2020 was significantly impacted because the entire government machinery has slowed down and probably that's the case with the second wave as well. But if you look at the broad order pipeline and the business at the anvil, how should we look at opportunities, both on the steam as well as on the services side for the new order flows in the market? And can we expect an average improvement in the pricing levels, or the market is likely to be as competitive as earlier, because it's held volumes in the last 18 months?

**Prashant Jain:** Thanks, Renu, for this question. As regards the focus is concerned, yes, we have been focused on the emissions and services. We will continue to focus on services, we see that in the right trend and as is also seen in the order mix. In fact, the margin is also in the right direction with the services coming in. On the emission side, again first quarter was hit by COVID wave two, but now we see the decision happening. So, if we see the large mix of the trend for the current financial year, we expect again services and emissions to be the large part of the mix in the coming financial year. So, we are hoping there will be decisions within the quarter; the customers are now moving towards decision making. There is a price firming happening, but the price firming on one side is also challenged by the pass through on what additional price on an FGD that the consumers are able to pass through to the consumers. That is where the dilemma that the power producers are facing. And therefore, they are taking a bit more in negotiations. But for sure we see prices firming up because, one, the commodity prices have gone up too. We also see that there is a huge stress on the supply chain. And therefore, the availability of the good qualities supplier is a challenge. So, considering these factors, we see price firming up for sure. And from the company, we have also been categorical that we will focus on good margin, good cash and positive accretive deals. So, from that point of view, we will apply that filter as well. So, this is the direction that we have taken to make sure that we manage the right mix of the orders that we take in the coming quarters.

**Renu Baid:** But any number that you have in terms of the addressable market for the next 12, 15 months?

**Prashant Jain:** So, the market numbers I would request Vinit to share.

**Vinit Pant:** So, if we talk about the FGD, we expect almost 26 Giga Watt we will get ordered. So, as Prashant mentioned, because of COVID there was a delay, but we expect quarter three and quarter four, already we have started discussion and there is a healthy pipeline and people are really now making attempts. So, we expect around 26 Giga Watt will likely be ordered, and mostly it will be quarter three and quarter four.

**Renu Baid:** Just a clarification, 26 gigawatt would be over few years or within the two quarters itself we are expecting?



- Prashant Jain:** Something is already going on, some tenders are in progress. So, it would be over the next three or four quarters I would say. And for services, I think it is on track. We already have seen a lot of ordering. In fact, at GEPIL, we have booked orders of Rs. 125 crores for the services upgrades this year already. So, I would say, I think the market is looking up. Of course COVID has impacted in the first quarter, but third and fourth quarter things are going to look up. And mostly this 26 Giga Watt we expect to get ordered in this financial year itself. So, Renu, it includes some backlog from last year.
- Moderator:** Thank you. The next question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.
- Renjith Sivaram:** Congrats on good execution given the scenario. Sir, if I look at your order book currently, what percentage will be FGD and what percentage will be services?
- Yogesh Gupta:** You want to know the approximate percentages of backlog?
- Prashant Jain:** Yes, the orders in hand, the mix between new build and services.
- Yogesh Gupta:** So, I would say 50% would be in the range for FGD. The services will be about 10% you can take that range. And remaining we can say like in the range of 35% to 40% .
- Renjith Sivaram:** Okay. And in terms of our overall execution going forward like we used to have Rs. 1,600 crores of hydro last quarter, so that is still continuing and slow moving, right?
- Yogesh Gupta:** See, hydro contributes to about 29%-30% of the order backlog in the total portion that we have. And here there were some orders which were like these are all legacy projects because of environmental clearances etc. But now even the projects which were on hold, they have been addressed, the environmental clearances are there so they are on traction, they are like moving now. So, there are no non-moving order backlog from hydro.
- Renjith Sivaram:** Okay. So, 55% FGD, which will be split between services and hydro, is that the correct understanding?
- Yogesh Gupta:** Can you please repeat the question?
- Renjith Sivaram:** You said 55% for FGD and the rest will be split between services and hydro?
- Yogesh Gupta:** I would repeat it, but if you specifically want for FGD, the FGD backlog is about 50%, and then the hydro will be in the range of about 25% to 30%, which will have a component of service as well in hydro as well. And then about 10% to 12% will be clearly pure service coming from steam, and the boiler will be about 14% approximately.





**Renjith Sivaram:** Because when I look at their revenue mix, we would have done around Rs. 400 crores, Rs. 500 crores this year in services, right? So, then do we have enough order backlog to grow the services or you believe that this is short cycle and still we can grow at a good pace in services despite our opening book is not that big?

**Yogesh Gupta:** See, I would say, as has been shared by Prashant and Vinit, we have seen a significant growth in our order intake on services side and we have reasonably strong order backlog in service also to address the volumes that we are targeting for the next year.

**Prashant Jain:** So, in terms of convertibility for revenue from the backlog versus what we booked fresh, so we see a mix of, depending on the upgrade of core mix, 50% to 75% convertibility during the first year. So, if we book some orders in the first half, you can say 50% of that gets converted in the second half, that is the nature currently. But as we are growing, this has not yet stabilized, so we are still in the process of establishing a stable. But if I may give you, the revenue will be roughly about 50% to 60% from the backlog, but the rest would come from fresh order intake. This is how the nature of businesses depending on the OEM or the OEM mix of the business and the orders and upgrade in core. But the current trend we have seen as what we booked in the first year is getting revenue in the second year, that is 50% of convertibility rate that we have seen in the revenue mix. Does that address your question, Renjith?

**Renjith Sivaram:** Okay, sir. And just regarding the balance sheet, our net working capital currently stands at around 22% and large portion is because of this trade receivables increase. And we have around Rs. 312 crores of debt. How do you see this going forward next year? Will the receivables will get liquidated and can we become debt free or it will take one more year for us to become debt free?

**Yogesh Gupta:** Renjith, we have orders which are primarily with the PSUs where the retention clauses are like we have been sharing this information in the past also, and our accounts receivables as it stands is almost about Rs. 2,213 crores, and off this retention is almost about Rs. 1,700 crores. And you are very right when you say that the present borrowings are there to the extent of Rs. 312 crores. So, these borrowings are likely to increase as we go on. We were clearly contemplating that we will be by the end of this current fiscal year, by 31st March 2022, we will be debt free. But because of the COVID and the delays that have happened on the projects, it is clearly delayed on the retention collection front as well. So, we are foreseeing that this fiscal year we will be ending with a net borrowing which will be in the range of about Rs. 150 crores to Rs. 200 crores, depending on how the things shape up and there is no wave three of COVID. And Q1 of the next fiscal is what we are contemplating clearly as a debt free for us. Normally we don't give futuristic projections, but this is something which is important for you and you understand. So, this is the reason why we are putting this clarification.

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



**Deepak Narnolia:**

So, I had two questions. One question is, first is regarding FGD. What I see is that you said that FGD execution has reached to mid-level and still its only at this quarter you have delivered 5.7% margin and you have some services business also in that, probably somewhere around 10% to 15%. So, I was wondering what kind of margins you are making in FGD and how it is going to pan out? One question.

The second is that you have said that 75% uptick in your services order. So, I wanted more clarity that given that the service is going to be a very important business for you, what is the actual revenue you have made in this business? What is the order book right now and how much is the order inflow in this business when you are saying 75% inflow? And if you can give some color in the expected revenue next year in services?

**Yogesh Gupta:**

Well, you have asked several questions, so I would try to answer and respond. And if I missed something I would request you to please repeat your question. So, first of all, you want to have some futuristic projections. And as I shared, we normally don't share futuristic numbers, but I would try to see what best I can answer. If we look at like our service business, in service business, our profitability is in the range of about 15%, approximately. And I am talking of the annual number right now, it varies from 12% to 15% and normally we have not been giving the break-up of the different sub-segments in our domain.

Then the question that you asked was what is the growth prospect or the order intake side for service. So, as has been mentioned by Mr. Prashant Jain and Vinit, we are clearly contemplating very high growth on the order intake front from services. And we are clearly looking at almost about 6.5 billion, 7 billion or Rs. 650 crores as order intake coming from services in the coming fiscal year. And then your next part was with regard to the continuation of profitability, the profitability will continue on the similar lines on the service domain that we have for like our revenue for the next fiscal. I have been able to answer I think three parts of your question, but there were two more parts of your question if you can just kindly please repeat them.

**Deepak Narnolia:**

Actually, in services when you are saying 75% growth, so what's the actual order inflow number in services in this year? And services in the order book, 10% you said, somewhere around Rs. 540 crores or Rs. 600 Crores, plus the hydro services. Am I right in that regard?

**Yogesh Gupta:**

Yes, you are right.

**Deepak Narnolia:**

And what was the order inflow exactly?

**Yogesh Gupta:**

We normally don't share the exact numbers of the split of the different segments of business. But you have the clear indication, I will give you a range on the order intake from service business that we have in the current year. What we have is in the range of about you can say Rs. 420 crores to Rs. 450 odd crores.



**Deepak Narnolia:** And on margins, you said it will be in the same line, 6% margin the company is delivering right now, so is it going to be in the same range or there are some one offs or maybe some loss orders or maybe some lower margin in the initial order, something like that?

**Yogesh Gupta:** See, normally we don't give futuristic projections. And as has been clarified in the first question, already the loss orders have been provided for and clearly the impact of revenue of a loss orders is not there in the profitability in which the turnover is taking place.

**Moderator:** Thank you. The next question is from the line Renu Baid from IIFL. Please go ahead.

**Renu Baid:** This question pertains to the private sector. Now, that in the last quarter we saw some small orders sticking for GEPIL in this space, the overall outlook in the steel and cement sector has been fairly positive. So, what kind of opportunities can GEPIL play with respect to energy optimization opportunities in these industrial sectors? Would we be broadly restricted only to the emissions, or can we actually have a higher play in terms of their power requirements either for the captive units or in terms of waste heat recovery systems and otherwise?

**Prashant Jain:** So, yes, the main focus areas in service business are emissions, plus efficiency, which is again towards either boiler upgrades or automation upgrades. So, we touched the efficiency part, we touched the emissions part and we also do capacity optimization or upgrades, which will increase in capacity. So, these are the three types of opportunities. Currently, the mix of the industrial segment is a lot lower. We have seen three to four orders finalized in the industrial segment, and we are working with additional customers. So, this is all a part of the overall service opportunity that we are focusing on. And for sure, we see certain opportunities moving in the segment. But if I say in the larger service plan, it will still take a while for these numbers to become significant from the industrial segment. As we see still currently, the majority of the pipeline from the public sector customers has got higher and the industrial segment we have started to focus, and the majority of the pipeline is still over. So, we will start seeing a bit more in the industrial segment in the coming years. From steel and cement, we are seeing opportunities for emissions or upgrade which are not yet material from what will move the needle, if I may say, from the list that we have currently projected in our numbers.

**Vinit Pant:** Aluminum is looking up, Prashant. Just to add, I think aluminum prices are going up and a lot of people also like Hindalco, Vedanta, they are going for expansion also. Aluminium sector definitely is also going to pick up.

**Prashant Jain:** So, roughly the mix of industrial to fossil today is in the range of 12% to 15%, Renu. And that will not significantly change, if I may say, in the total order volume. So, that will not move the needle significantly, we still have a big portion coming from utility and fossil.

**Renu Baid:** Right. Sir, actually my question was also focusing beyond just the services portfolio for these core industries because historically, these are also the sectors which had relied on power generation solutions on the coal side. But because of ESG requirement as well as the clean



energy factor that companies are having, they are incrementally doing more investments on the waste heat recovery side or removal rather than coal. So, would we have our offerings on the waste heat recovery side of the market as well or it would be within the power-gen only on the power plant assets only?

**Prashant Jain:** So, we are focusing in the industrial side, in certain cases also on the fossil side, but primarily today on the power generation side. The area that Vinit was mentioning, aluminum, that is a segment where we have certain offerings for the capacity expansions. But that is again not material. And we are looking at additional production solutions in this area, but not something that is material in the short term.

**Renu Baid:** Got it. And just a follow-up on the previous comments, which earlier Vinit had mentioned, that nearly 26 gigawatts of FGDs are expected to be finalized in the next 18 months. So, when we look at this pipeline, this would broadly be the rest of the NTPC lot as well as some of the SEB projects which would be coming up, so what was the our comfort in terms of the type of projects that we are seeing, NTPC as well as some of the state utility jobs on this side?

**Prashant Jain:** If I may make a statement from a strategic point. GEPIL has cumulative market share roughly about 20%, give or take 1% or 2% here and there, but roughly 20% market share on the ordering so far in terms of gigawatt in value. In the new backlog, we will retain the percentage market share of the gigawatt. But in the scope we are working to de-risk the portfolio, not take the full scope. So, we are looking at alternative options which is margin & cash accretive for us. And that is what will reflect in the strategy going forward. So, we will be selective in the quality of orders. But yes, you are right; it is non-NTPC and the state and the IPP that we are now working with, and also the Industrial.

**Renu Baid:** Sir more calibration with the contractors while you are executing more EPC jobs?

**Vinit Pant:** Yes. And mostly it would be moving towards state and IPP going forward. And our focus would be more on IPP. Because as Prashant said, we are looking at cash accretive deals and working with partners. So, that is possible for IPPs.

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

**Renjith Sivaram:** If we look at the current commodity prices, and the last two quarters our raw material cost proportions has gone up. So, is there a risk wherein the margin for what percentage of our order book is fixed in nature or kind of throw some clarity on the commodity price impact on our margins.

**Prashant Jain:** So, let me comment on the kind of contracts, Renjith, and then I would pass it on to Yogesh for a specific add, if he would like to. So, the contracts that we have, the majority of these contracts that we have are with public sector. These contracts, excepting a couple of ESP contracts and



maybe one or two private contracts, all the contracts have a price variation clause, which is tied to the commodity price variation to a cap. So, that is the nature of the contracts, where they provide for extension of time and they provide for price variation clause for all FGD projects, excepting a couple of jobs which I mentioned. So, all have a PVC clause. So, here we settle the claim process that we do with the customer, and we are hopeful that we should be able to resolve most of the claims.

**Renjith Sivaram:** Probably, if I understand it correctly, then once the project is complete, then during the negotiation we can have some benefits because of the write-back of some of these commodities, price increases which we had taken. Or is it through the process of booking itself we do that?

**Prashant Jain:** So, maybe I will let Yogesh address, but the price variation is covered through the additional billing revenue to the customer normally, so it's a part of the contract. And as we do progress in the contract, at times the issues that do come up due to COVID is the additional mobilization, the additional quarantine cost for labor workers, etc. So, those are challenges that we have which are not easy. For example, force majeure which was clear in the COVID wave one, but in wave two the government did not really come up with a clear guideline. So, it was again site specific, project specific, and those claims have been raised by us. These claims usually you are right, they do settle as the contract progresses. But this is all a part of a contract, there are always pluses and minus. So, I would not make a trend or a forecast about it. Yogesh, you may want to add.

**Yogesh Gupta:** Yes, I would like to add here. See, as has been explained by Prashant, and very aptly so, the price variation clauses are the part of the contract. And we don't wait till the end of the contract for these to be sorted out. And the regular billings are carried out based on the changes in the indices of prices, for which our supplies are based on. There are clearly defined formulas for different products. There are clearly published indices which are applied, and these are exactly as part of the contract. And the data is published by EMA and we use that for calculating the price variation, and they are like a claim from the customer by way of raising invoices in the normal course of our like, I would say, supplies etc. So, there won't be any end period top-up, if you are wanting to understand that way of the price variation clauses. With regards to some claims like which are already there, like Prashant clarified with regards to the force majeure, etc., these are also like under a constant discussion with the customers and we are trying to close them.

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

**Prashant Jain:** So, thank you for your kind patience and hearing, and thanks for joining and participating with your questions. We shall connect again in the next quarter hopefully. And should you have any further questions, please feel free to reach out by email. Thank you and have a good evening.



*GE Power India Limited  
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**Moderator:**

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