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10 February 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

Symbol: **GEPIL**

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

Scrip Code: **532309**

Sub.: Transcript of Investor meeting held on 09 February 2021

Dear Sir/Madam,

Further to our letter dated 08 February 2021, please find enclosed a copy of the transcript of conference call with Investors/Analysts held on 09 February 2021.

Thanking you,
Yours truly,

For GE Power India Limited

KAMNA TIWARI

Digitally signed by KAMNA TIWARI
DN: cn=KAMNA TIWARI c=IN o=Personal
Reason:
Location:
Date: 2021-02-10 17:20+05:30

Kamna Tiwari
Company Secretary & Compliance Officer

"GE Power India Limited Earnings Conference Call"

February 09, 2021

MANAGEMENT: **MR. PRASHANT JAIN – MANAGING DIRECTOR, GE POWER INDIA LIMITED**
MR. YOGESH GUPTA – WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER, GE POWER INDIA LIMITED

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, please signal an operator by pressing '*' and then '0' on your touchtone telephone. 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 morning. Thank you and welcome all to your company's conference call for the earnings ended December. The December month closing, if you go to the page four, there are certain key highlights that we are happy to present. The one highlight is on the revenue where we have had a record revenue in the third quarter. On the order booking side, there have been some good successes. But we still see orders booking muted. There was a strategic move in terms of service jobs which we have picked. However, on the new build side, the order booking has been muted and it is not because of loss in the market share but that is primarily because of movement of such large bid, primarily on the emission side to the coming quarters due to delay in the ordering from the public sector utilities for two reasons- One is the import issue for the substitution of local sourcing. And the second is also the request from the developers in the power sector to the ministry for extension, and there was certain probe that there would be an extension on the timeline for emission, and in that expectation probably some orders were deferred. So these are the two reasons which we saw that the orders were not finalized on the large emission projects.

The positive side is, we are looking a good demand coming from the service side, so we have had some orders which is continuous orders from NTPC Barauni for INR 128 million that was booked. De-NOx from UPRUVNL order was booked about INR 438 million, so these are the two good service orders that we have booked in the quarter. We have also had a Chinese oOEM order from Adani Power, which is confirming the strength that we have on serving oOEM fleet in the country, which was a part of the highlight for the quarter.

Revenues, we have spoken about. The third transition that we are seeking is to inculcate the lean mindset. And in our efforts to train and inculcate the lean mindset in all employees, the Durgapur team was recognized for excellence in lean performance by the CII for process optimization. They have several programs ongoing which we have initiated on lean to improve operational efficiencies and **processes.**

One more positive side that we see on slide which is reflecting in the revenues of the third quarter is the sites ramp up. When in March, the total manpower of the sites had gone down to almost 3,000, where the need to ramp up was around 9,000. As we speak, the demand is around close to 10,000 persons on the site. And we have about 9,000 employees at the site, So the gap has significantly narrowed. There are still about 500, 600 employees who are on quarantine due to the different regulations on different sites. But more or less, we have now a significant ramp up on the sites to be able to execute our project. So that's the positive we would like to share.

With that, I would like to also introduce Yogesh Gupta, our Chief Financial Officer. And I will hand over to him to take his financial highlights in the coming slides, page number six. With that overview, Yogesh, welcome to GE Power.

Yogesh Gupta: Thank you very much, Prashant. Good morning, ladies and gentlemen. And I hope I am audible. I will take you through the financial highlights of our company.

And the first is, if we go to slide number six, you would see the order intakes there for the comparison between the first nine months of last fiscal year vis-à-vis first nine months of the current fiscal year. And as Prashant mentioned about the reasons of what happened in the market about order intake, so basically we are 66% lower than on the order intake if we compare from the last financial year. We did INR 9.7 billion as order take in the first nine months of the current year.

And on the revenue from operations, we had a very successful year. And one of the, I would say, highest ever or highest in recent times revenue that we have done for your company in these nine months. We had achieved INR 24.1 billion INR as the revenue in the first nine months. And this is 41% higher than revenue that we had in the comparable period for the last year. And primarily the reasons have been the FGD orders that we have turn around. And if we look at the profit before tax, we achieved INR 709 million in the period first nine months of fiscal year 2021, which is about 52% lower than what we accomplished in the last year in the same period. And the prime reason for this lower profit before tax is explained in the lower portion, wherein there were exceptional items in 2019-2020, to the extent of about INR 329 million, which is like resulted into a PBT of INR 1.482 billion. Whereas the profit before exceptional items last year was INR 1.153 billion, whereas this in the current year for the first nine months is INR 1.012 billion. And we had a restructuring exceptional item charge of INR 274 million, hence this number of INR 709 million PBT.

If we move to the next slide, page number seven, where you would see the development of our order intake quarter-on-quarter. Q1 we did INR 5.3 billion and Q2 it was INR 2.2 billion and Q3 we achieved an order intake of INR 2.2 billion. The shift in orders is due to COVID and import restrictions, so that has been put in place. And customers have been delaying the decision making on the orders, so this order intake has been impacted accordingly. And I would like to highlight here that market share has largely remained intact. And these opportunities have been either postponed in the market or has been like not decided.

Revenue from operations, you will see the development or quarter-on-quarter basis. And we did in Q1 INR 4.3 billion, this was primarily on account of the COVID challenges that we had. And in Q2, we did revenue of INR 8.875 billion, whereas Q3, I mentioned as well, one of the record revenues, we did INR 10.9 billion. This is primarily coming from the strong backlog execution that we have had. And the current backlog also is reasonably healthy. We have about INR 60 billion order backlog available with us.

If we to slide number nine, which is the slide for the quarterly development of the profit before tax. Q1 was INR (-226) million, whereas this was primarily due to the COVID impact that we have on the volume and margin. And then Q2 was INR 505 million, and the Q3 we achieved INR 430 million, and in this we have a restructuring cost of INR 274 million.

Then we move to the next slide, which is slide number 10. And this is basically in line with the discussions which were there in the last earnings meeting. And we have tried to put here the revenue mix for Q3. This is on the actual number, and the number here are in billion INR. New build versus services is the first bar wherein we have achieved revenue of INR 8.3 billion in the quarter three and INR 2.54 billion for services, and INR 8.4 billion for new build. And here the percentages have been scrapped, it should have been for new build 77% and 23% on the service side. We really regret this error that has been made at our end.

On the EPC and non-EPC, we have achieved a revenue of INR 6.6 billion on the EPC side. And this is 61% of our total revenue. And on the non-EPC side, we achieved a revenue of INR4.3 billion, which constitutes through 39% of our revenue. If we move to the government versus private contribution on the revenue mix that we have, we achieved INR 6.4 billion on the revenue from government customers, which constitutes 58% of our total revenue, and from the private customers we had INR 4.5 billion as revenue which makes it 42%.

This is broadly on the Q3 financials for your company. With this, we are open to questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we now begin the question and answer session. First question is from the line of Renjith Sivaram from ICICI Securities. Please go ahead.

Renjith Sivaram: Congrats on a good set of numbers given the challenging environment. Sir, in your notes to accounts we have mentioned regarding you planning to buy the NTPC stake in the GE-NTPC JV. So, what is your rationale of that and how much will be that amount which we are going to spend? And that remaining amount also will it be the GE Global or will we be buying, what is the overall thought process in that, if you can explain that, it can be helpful.

Prashant Jain: Thank you, Ranjith, for that question. At this point in time the board has approved in-principle the acquisition process, we have still a couple of steps left in concluding the transaction. The merit behind the acquisition is to significantly leverage the two giants, the NTPC on one side, which is the second largest IPP in the world as per the S&P's recent rating. It is the biggest operations and maintenance know how company in the country. So, the JV provides a unique opportunity for GE Power India Limited to expand in the area of power plant services. So, the proposal here is to combine this power of these two entities in the JV and target the operations and maintenance of power plants. So, the objective is to leverage on the O&M competence of

NTPC and the oOEM and the OEM competence of GEPIL where we have the technology for optimization, reliability, performance, parts, repairs, services, outages and the OEM knowhow on OEM and OOEM fleet in the company from GEPIL. So, across the plant, if you look at the total plant across boilers, turbines, generators, air quality control systems, the entire plant technology areas, the engineering competence in GEPIL. So with this combination, we will further plan to expand the O&M offering from NGSL and develop additional service areas leveraging technologies from NTPC and GE in NGSL.

Renjith Sivaram: Okay. And what the amounts, how much we are planning to spend?

Prashant Jain: So at this point in time it is in principle approval, Renjith, and this transaction has not yet concluded. So, we will go through the process and once the transaction is complete, we should be able to come back and share with you.

Renjith Sivaram: Okay. And sir, what is the contribution from FGD in the revenues for Q3 and nine months?

Prashant Jain: Yes, I will pass on to Yogesh Gupta to address that.

Yogesh Gupta: The revenues that we have had in quarter three from FGD is 57% of the total revenue that we did. And this is what has been the highlight of our FGD revenue.

Renjith Sivaram: And for the nine months?

Yogesh Gupta: More or less the same percentage. If we look at the nine months commentary, the exact amount is INR 13.8 billion, which is 57% of our total revenue.

Renjith Sivaram: Sir, largely what is the trend of working capital? Has the debtors reduced or is that NTPC work still the debtors are high, how is the trend in working capital? That would be my last question.

Yogesh Gupta: The trend on the working capital is, there is an increase in our trade receivables, because we have a high component of retention for this FGD revenue. And our receivables have increased almost by about INR 7.2 billion. And this is basically primarily because of the higher retentions that we have in these FGD orders.

Moderator: Thank you. We will take the next question from the line of Renu Baid from IIFL Institutional Equities. Please go ahead.

Renu Baid: My first question would be just to understand a bit more on the P&L side of the business. Last quarter, we had mentioned that there were certain old contracts, because of which the margins have been impacted. So, if you can share details in terms of the status of completion of those jobs, what is the pending value of those orders left in the backlog today? And by when do we expect the RM to sales or the gross margins to improve on completion of these orders?

Prashant Jain: Thank you for the question, Renu. And we basically have three projects which are like having negative impact on our numbers, and we have close to INR 1.2 billion, I would say, orders still remaining, which are like under execution. And these are likely to be executed in the current calendar year, I would say. So this is how we would be ending up. And beyond that, these loss orders will not be there for us.

Renu Baid: Okay. And simultaneously, when you look at the rest of the order book mxi, given that FGD execution has been at fast pace, what would be the likely mix between the mix of the INR60 billion order book across the segment that we look at, which is FGDs, services, smaller components of others in hydro? And in terms of the inflow prospects, what is the broad outlook in terms of order flows for the next 12 to 18 months, given the mix of both FGD as well as services orders we have in pipeline.

Prashant Jain: So, Renu, I will start with the order intake. We are expecting the demand from FGDs to revert back in the next quarter. There was a policy expectation that there would be an extension provided, and that topic plus the COVID impact delayed certain decisions on the emission side. So we expect that emission orders will come back in the quarter that we will see, maybe the April quarter onwards. So, the mix of order intake, the focus from the company is to increase margin accretive business, so we will focus on the IPP and the industrial FGD for sure. And those are the projects, in NTPC there is only one lot left now in the ordering. And the state bids, we will for sure selectively participate in those tenders. So the mix of business going forward will be towards emissions, will be services and hydro, the indication for future numbers is what we will not be able to provide today. But I will ask Yogesh to give a sense on the backlog as of now on these segments.

Yogesh Gupta: On the backlog, we have basically 25% coming from our hydro business, with a total backlog of about INR 60 billion that we have. And the remaining INR 45 billion is distributed between FGDs and boilers, and this is clearly the mix is more or less same that we have what we see in the revenue of this quarter. And as Prashant explained, the future order intakes we would be expiring or focusing more on profit accretive orders from services and FGDs.

Renu Baid: Sure. And our one last question if I can take, would be in terms of the services. Now that we are requiring the group stake in the NTPC JV for O&M as well as third party power projects, so how are we looking in terms of introducing new product portfolio in the market on the services side? If we can share some insights in terms of the new launches of the programs on the digital offerings for the power plant as well as on the air pollution control side of the business? So, more details, if possible, on the services offerings that you are planning to launch in the market. Thank you.

Prashant Jain: Thanks, Renu. So, currently what I would do is, I will split this into two parts, one is the GEPIL core and second the NGSL. If you see at NGSL today, NGSL does offer plant upgrades on ages and markets, which is the ESP upgrades or the electrical upgrades on the project. They have a tie up on ash-to-sand technology, which is with a German company and they are evaluating to participate in the waste-to-energy bids which are under tendering from NTPC. So, those are the business areas NGSL is into today. And that on top of the additional operations and maintenance market that we are trying to focus. NGSL is also foraying into, I want to be very guarded here not to give an optimism, but it's also looking at renewable integration in the portfolio. So when we say renewable integration, how can we supplement the existing power plants with certain renewable technologies? So, there is an IPP which is wanting to add certain visible technologies into the plant, how do you do the renewable integration. So, that is an additional mandate that NGSL is currently pursuing. Now, these are business development topics. We do hope, we will be able to share an update once we close the transaction, and once we are closer to the transaction. So that explains the NGSL.

Coming back to GE Power India Limited. From GEPIL we have a very strong engineering competence which is currently deployed in executing the backlog. So, as we are in the process of execution of it, we are now using this engineering competence to develop certain engineering related products and solutions for the audit, for performances, test performance audits, performance tests, performance upgrades, efficiency upgrades, and come up with new business models, monitoring and diagnostic services. So, these are additional services that we are launching apart from the ones that we have today. So for today I do not want to spend a lot of time on this strategy, we will come back and share with you, today I wanted to focus more on the results.

Moderator: Thank you. Our next question is from Deepak Narnolia from Birla Sun Life Insurance. Please go ahead.

Deepak Narnolia: Congratulations for good set of numbers. I have a couple of questions. First is about your market like your margin, like your margin in this quarter is 6% and EBITDA of Rs. 65 crores. And you have mentioned that in your presentation you have done Rs. 250 crores of services revenue in this quarter. And I believe your margins in services business is higher. And then your interest cost has also increased significantly, 4x Y-o-Y basis. So is my mathematics is right that you are not making much of money in FGD and how it is going forward in future? Number one. This is my question. Second question I will ask you later.

Yogesh Gupta: Thank you for the question, Deepak. We have been making good margin on the credits as well. And we have, I would say, the FGD business is also margin accretive and we have positive margins on the FGD business as well. And very clearly it is a double-digit profit that we make even on the FGD business. And your observation is correct about our financing cost increasing. And as mentioned earlier, we are borrowing money now because we have a higher component of retention in the execution of the FGD orders. Second thing I would say is, it's a futuristic statement, so I would refrain from making that statement. But as we move further in the coming quarters, the borrowings are likely to go down by calendar year end

Deepak Narnolia: And how much is the gross debt then, at this point of time?

Yogesh Gupta: We have a borrowed from our internal, cash pool which is to the extent of about, I would say, Rs. 300 crores.

Deepak Narnolia: And sir, second question is, how this JV with NTPC is going to help you in expanding your services portfolio?

Prashant Jain: I just explained that this is currently combining the competence of NTPC and GEPIL. So, once we are closer to the transaction or concluded the transaction, probably we will come back and update you more details on that. But to summarize, we will address the operations and maintenance market of India and also outside India internationally, which will combine the knowledge and competence of operations and maintenance from NTPC, but that's too early to talk much more in detail. I have shared the thought process earlier. And once we have concluded the deal, we will come back and share more. Does that address, Deepak?

Deepak Narnolia: I just wanted to know, if NTPC had a stake in this business, then while bidding orders from NTPC will this JV have some advantage or something like that?

Prashant Jain: The way I would like to answer this question is, the JV is focusing on third party services. And if there is a tender with NTPC or with non-NTPC, all the companies of repute follow transparent bidding guidelines. And when they follow transparent bidding guidelines one has to be technically and commercially competitive to win a bid. So I don't see that, that as the advantage. The advantage that this JV will bring for the JV is the know how end competence of O&M from NTPC for third party customers if we provide them operations and maintenance services. And this we are planning to do both for India and for worldwide.

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

Renjith Sivaram: Just a follow-up on some of the previous questions like in the order backlog we used to have this hydro project which were slow moving, so currently do we have any hydro projects in the backlog? And how much will be that if we have some?

Yogesh Gupta: We have a hydro project of TEHRI, backlog the value of this job, Renjith, are you saying the total backlog of hydro? The question is not very clear, we can't hear you properly.

Renjith Sivaram: Yes, total backlog of hydro in that INR 6,000 crores.

Yogesh Gupta: Total backlog of hydro is almost about INR 14.8 billion.

Renjith Sivaram: Okay. And is that largely slow moving on you are seeing some movement in that execution of those projects?

Yogesh Gupta: There are movement on these projects. And there have been revenue which is happening from hydro as well. And we normally don't give segment by segment numbers, so we have a reasonably decent revenue coming from these orders and the non-moving like orders have been, I would say, removed. And we have a decent revenue coming from these hydro orders. And these all orders that we have on the backlog are good. And mainly like your Baleh is the hydro project which is of almost about backlog of about INR 700 crores, Baleh and Kundah.

Renjith Sivaram: Okay. That's helpful. And sir, the contribution of services you have shared for the third quarter, what will be the contribution for the nine months FY 2021 from the services segment?

Prashant Jain: The contribution of services in the nine months, okay. We will get back to you with this number, this exact percentage. In the meanwhile, we will try to address it in like today's call itself.

Renjith Sivaram: Okay. And sir lastly if I can ask one more what is the overall order pipeline, if you can explain like what are the major orders in terms of tendering or in terms of that you are looking at for bidding? And how is the overall scenario, given that this budget is giving a lot of impetus towards infrastructure. So, how do you see, have things changed or what is your overall view on the order pipeline?

Prashant Jain: So, in general, the services we have seen robust picking up in the last quarter, so we see strong pipeline on services, it is on track. Emissions, I see that there was some negotiation or delay or holding because of COVID and expectations and the guidelines, there might be additional relief for all suppliers. But we see now that the customers have seen and I see movement now positively on the emission side as there is coming clarity on the regulatory side. The release will not be available in block, but may be availablwore only for those who have taken steps. So we see interest both from private customers and state utilities to finalize their orders. So we are negotiating deals, we expect that the order booking, we don't need them to do be finalized very soon, but we see good momentum and we are expecting that maybe in the next quarter onwards we will see the order intake coming back.

Yogesh Gupta: And to the question that you asked about the percentage of revenue in the nine months, it is 26% % services revenue in the nine months of the current fiscal year.

Renjith Sivaram: Okay, thank you. And sir, regarding the export orders, is there any order from the export market which we are looking at? And is there something which we have in the pipeline?

Prashant Jain: yes, we are focusing on exports. Currently that's what we are evaluating, Renjith, that is on the table. And we will update eventually as the numbers start showing up. So, this is early, there is intra-company support currently but not external directly to the customers. That is an area that we are exploring at this point in time to see what else can be done from GEPIL outside India.

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

Sanjay Doshi: A couple of questions. First is on your gross margin levels or profitability level. Will it be fair to say that your backlog of FGD which is there even now, would have similar margins than what you are showing in the nine months? Or there are any changes in terms of your first tenders and few other second and third tenders? So just wanted your thoughts whether the current nine months contribution from FGD orders, is it the right representation of the backlog also?

Prashant Jain: Sanjay, it's a bit of a tricky question because the bidding of FGDs is also in the public domain. But I can say that the margins are stable in FGD, that would be the right answer.

Yogesh Gupta: And the range is same.

Sanjay Doshi: Okay. And are things clear with our end customers in terms of delays because of COVID? Have you booked any kind of extra cost because of that for your current quarters or nine months?

Prashant Jain: We have visibility on whatever delays have been attributable to COVID, and those discussions are in advanced stages with the different customers. And like there have been no major impacts on cost because of this COVID impact.

Sanjay Doshi: Okay, perfect. Last one question from my end. Just trying to understand the thought process for the stake buyout in NTPC JV. Just to understand, were there any challenges in the old structure with the parent having a stake in terms of addressing market? Or why do we have to look at our company taking out the direct stake versus a parent entity? Just thought to understand that a bit.

Prashant Jain: Sanjay, good question. There is a serious interest from GEPIL to expand services. And when we look at operations and maintenance, for example, when it comes to the margin guidelines, when it comes to our market attractiveness, GE as a global corporate may not have interest in that market segment, for example. Whereas GEPIL sees great value in operations and maintenance, and sees that the local competence, local cost structure, the demand in the market justifies it venturing into such business. So, this provides flexibility to NGSL to venture into markets which are aligned to the demand which is local. And also then leverage the low cost base of NGSL and expand further. That provides a lot of flexibility within NGSL to leverage technologies of GE, at the same time provide that local flexibility and management to react to the market dynamics.

Sanjay Doshi: Right. So basically, just like the parent having certain decisions of new coal market or emissions, and the market attractiveness has been different for us in terms of addressable, this is on the same lines, right?

Prashant Jain: Yes. So this is a service market, for GEPIL this is very attractive, it expands adjacency market for GEPIL, absolutely.

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

Bhavin Vithlani: Sir, my question is continuing with the previous gentleman. You mentioned about strong capabilities and an advantage on the cost structure for the services side. Is there a possibility that we see that you could use the India for the global operations when some multinational peers like Honeywell have been using India as a base? And now for almost half of the revenue comes from outsource engineering services for the parent oil and gas process automation. So do you see that as an opportunity or will that be not because of the underlying change in the dynamics?

Prashant Jain: So GEPIL has strong competences and we are evaluating every competence of GEPIL that can be utilized for India and within GE and outside GE. So this option is open. This is the topic which is a part of the list of strategic topics that we would like to pursue. And we will update as we evolve. But absolutely the thinking is that what can be done with a very good depth of knowledge and competence, very strong local domain knowledge and expertise in the local teams. And how do we leverage these both for creating value in the country and outside India, this is absolutely on the table.

Bhavin Vithlani: Sure. Just a follow-up on this. Will this be part of GEPIL or there is another entity which is also looking at engineering services off the parent. So will it housed under that or GEPIL?

Prashant Jain: So today we are focusing on GE Power India Limited, which is GEPIL, all the competencies within GEPIL. So we have within GEPIL as well as we are executing the projects, deep domain knowledge on boilers, on mills, on air quality control systems. And we have very good service capabilities, again, including service engineering and knowledge incompetence on turbines and generators within GEPIL. And how these competencies can be leveraged and expanded for adjacent markets, that's the topic that we are evaluating. On the other side, I would also like to apprise is that we have a very strong backlog that we still have to execute. And especially with COVID, the backlog has been pushed forward, the biggest focus of the organization, if I have to say, for the current quarter and the coming financial year, is to successfully exited the backlog. This is a priority number one, because a lot of cash, a lot of revenue margin is associated with this backlog, it's a very good backlog to execute.

So the entire teams currently are focused on execution of the backlog. And very small capacity, it is not a good idea to disturb the capacity from the backlog to pursue strategy options. So current focus is to execute the backlog but we are creating certain small mission-based teams to focus on the strategy, put the right steps so that we are also bridging the building blocks for service for 2022 and onwards. So we have backlog which we will be able to execute in the next two years. And we have the time, as the backlog starts reducing to increase our focus on strategic initiatives. So please be patient and allow the teams, and I would say that that is a support that I am also providing to my teams to ensure that we execute the backlog with full rigor in the current year, and ensure we deliver the cash margin profile as we have planned.

Moderator: Thank you. Our next question is from Renu Baid from IIFL Institutional Equities. Please go ahead.

Renu Baid: Just a bookkeeping question here. In the case that FGDs, because of restrictions on imports, have we seen cost escalations for the existing projects under execution? And has that in any way impacted the margins? Or the customer has compensated for all the increase that's in the cards?

Prashant Jain: So, I will answer this in twofold, for the big upcoming bids we are working with local supply chain and working very closely with our customers on the specifications of the supply chain available in the local country and with the alternative, and the associated technical specifications and the price specifications. Because as price comes later is also the technology that we have to offer to the customers with local supply chain, the material type, etc., the process, the schedules, etc. So those discussions we are having and I can say that the customers are also cognizant to the fact and are partnering with us. We have had a couple of trade forums around this topic where we have got all the supplies together with these customers to shape how do we address these opportunities going forward. So on the coming tenders, yes, local supply chain is being evaluated and is also being considered.

Now on the existing projects, the biggest concern has been on some areas of cost like C276 material, which we were importing with some value-add in the neighboring country and some orders which were placed on our neighboring countries, where we have had whole points when we had the decision from the government. But that is now behind us, we are now moving forward and we are discussing with the customer and with the Ministry as well to consider the existing supplies from the same source and not to change it. So that is the dynamic there. It has not yet concluded but we are continuing the dialogue with the customers and the Ministry on the existing contracts how do we ensure that the disruption is not bigger and the cost impact is not big. So I would like Yogesh to give a sense on the margin impact if anything, or any provisions or movement that we see because of this.

Yogesh Gupta: There won't be any margin impact on account of this. And the costs have been like planned and actuals are in sync with the planned cost. So there is unlikely to be any impact on account of these restrictions on the backlog that we have.

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

Sanjay Doshi: Just one area, sir, I would like to understand. On the restructuring at Durgapur, we have booked certain expenses in this quarter. Do we see that continuing for a few more quarters? And if you can give us some sense about what does it mean in terms of reduction in workforce? Because I believe more than 50% of the workforce is through Durgapur facility.

Prashant Jain: So, Yogesh explained the impact of the results in the quarter for the exception items on Durgapur, Sanjay. So we have already taken certain actions in the last quarter. We have a backlog for almost a year yet, and we want to carefully take those steps so that we are aligning to the load chart quarter-by-quarter to be able to execute the backlog. So, we are monitoring this with a quarterly rigor and we will take measures to optimize the capacity. At the same time, we are exploring alternative opportunities to use the same competence in those opportunities for services as the capacity starts being available now. So, on the service side, we have been able to generate about 100,000 hours of backlog on the factory. The factory is currently priced in the range of 650,000 to 700,000. And we are seeing what is the right optimum capacity that we should reach when we are running on the backlog, that is something which we are monitoring very closely. And we will update you quarter-by-quarter on that.

Sanjay Doshi: And what would be the impact of the current measures that we have taken in terms of reduction in terms of capacities for that facility?

Prashant Jain: So the typical calculation that we do when we do such an optimization is to see the payback in two years. So that's the typical calculation we do when we take a certain measure in terms of the cost or the underutilization cost. I would ask Yogesh to further elaborate on this.

Yogesh Gupta: See, basically the payouts that happen, they have to be like, as Prashant mentioned, that we look at clearly seeing to it that savings should accrue to us within two years' time. And this is how we look at it. And basically, the seperation cost is what is the factored in here.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand over the floor back to Mr. Prashant Jain for closing comments. Over to you, sir.

Prashant Jain: Thank you so much for your participation and asking those questions. We will see you in the next earnings call next quarter. Thank you so much.

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