

Ref.: RMC/2022-23/BSE/433  
Date: 4<sup>th</sup> October, 2022

To,  
**Department of Corporate Services,  
Listing and Compliance  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400 001**

**Sub.: Business update  
Scrip Code (BSE): 540358**

Dear Sir/Madam,

Please find attached Chairman Speech presented at the 28<sup>th</sup> Annual General Meeting which was held on 30<sup>th</sup> September, 2022.

This is for your information and record.

Thanking you.

Yours faithfully,  
**For RMC Switchgears Limited**

**Preeti Khatore  
Company Secretary and Compliance Officer  
ACS : 49291**

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## **Chairman's Speech**

### **Industry's Outlook on Power**

Infrastructure is an important part of a nation's economy. It includes networks, physical structures and services that are vital for the country's social and economic growth.

Infrastructure has a significant role in the development of nations. It provides for the needs of its people by providing transportation, communication, water supply, energy, etc. It also helps in generating employment opportunities by providing construction jobs for engineers and tradesmen alike.

The infrastructure industry is considered as one of the most important in any country because it has a direct impact on how people live their lives.

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is also essential for sustained growth of the Indian economy.

In recent years, India has made significant progress in expanding its power capacity. The installed generation capacity stood at 1 billion units as of March 2015, according to data from the Central Electricity Authority. India is among the most energy-dependent countries in the world; it depends on imported crude oil for about 85% of its energy needs and on foreign countries for over 50% of its energy imports. As a result, the country is highly vulnerable to price fluctuations in global commodity markets and global events.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power, to viable non-conventional sources such as wind, solar, agricultural, and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. To meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2020. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement.

For the Indian economy to grow steadily, enough electrical infrastructure must exist and be developed. The power sector is undergoing a significant change that has redefined the industry's outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country's energy sector, with total investments in the energy sector amounting to Indian Rupee 827.3 billion as on June 2017. Of these, renewable power accounts for about 77% of the investments. Although power generation has grown more than 100-fold since independence, growth in demand has been even higher due to accelerating economic activity.

As the world population continues to grow and become more electrified, so is the demand for power. As per-capita usage increases, there will be a need for more power plants to meet these demands. India is set to become a global manufacturing hub with investment across the value chain. The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030. The government plans to establish renewable energy capacity of 500 GW by 2030.

The country has faced a lot of problems with power supply in recent years, including a shortfall in generating capacity and distribution losses.

The government has been confronting these problems, but lack of funds and an increasing demand for electricity means the country is still waiting for more power plants.



The Indian government has been taking various measures to increase the availability and reliability of electricity supply in India especially for rural areas where it is most needed.

To overcome these challenges, India needs to invest more in smart grids that can integrate renewable energy sources into the grid more efficiently than conventional grids can. It also needs to invest more in transmission infrastructure to bring power from remote areas where it is generated to population centers where it is consumed.

The Union Budget 2022-23 has announced the issuance of sovereign green bonds, as well as conferring incentives to those who invest in green infrastructure projects. This is the first time that India has come up with such a plan to promote green bonds. This is an excellent opportunity for investors who are interested in investing in sustainable development activities.

The Union Budget 2019-20 has announced the establishment of a dedicated fund for promoting renewable energy and electric vehicles to mitigate climate change, among other announcements for sustainable development projects across the country.

The Ministry of Environment, Forest and Climate Change held a consultation on Start-up India: Green Energy Innovation Fund (SEIFA) during which they received feedback from various stakeholders on key issues related to SEIFA such as portfolio allocation.

India's power sector has seen a surge in FDI inflows since the government announced 100% FDI allowed in this sector. This is due to various factors like the government's policy support and the increasing need for power supply.

In India, 100% FDI is allowed in the power generation and transmission sector. The government has also increased its commitment to renewable energy by setting a target of 175 GW of renewable energy by 2022. The Indian government is also considering opening more sectors to FDI as it seeks to attract more foreign investment into these sectors.

Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS). India has also launched the Mission Innovation, CleanTech Exchange, a global initiative that will create a whole network of incubators across member countries to accelerate clean energy innovation.

The schemes such as Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) are expected to help the government in achieving its goal of providing 24x7 power supply to all households by 2022.

The DDUGJY scheme has been successful in reducing the number of people who have to live without electricity. It has also helped in reducing the number of accidents caused due to poor lighting.

The power sector is the most attractive sector for foreign investors. Total FDI inflow in the power sector reached US\$ 15.89 billion between April 2000-March 2022.

The total FDI inflow in the power sector between April 2000-March 2022 was US\$ 15.89 billion and it is expected to reach US\$ 20 billion by 2025.

Investment in the energy sector is at an all-time high. The National Infrastructure Pipeline 2019-25 report suggests that the total value of energy sector projects will exceed \$1 trillion by 2025.

Investments in the renewable energy space have increased significantly over the past few years. SJVN Limited is looking to develop 10,000 MW solar power projects inviting investment of Rs. 50,000 crore (US\$ 6.56 billion) in the next five years in Rajasthan. Adani Group has announced an investment of US\$ 20 billion over the next 10 years in renewable energy generation and component manufacturing. NTPC has announced



that it would invest Rs. 2-2.5 crore (US\$ 0.27-0.34 million) over the next 10 years to expand renewable capacity.

The government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to DISCOMs to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of Rs 3,03,758 Crore over 5 years i.e. FY 2021-22 to FY 2025-26. The outlay includes an estimated Government Budgetary Support (GBS) of Rs 97,631 Crores and the balance is to be financed through the issuance of bonds and other modes. The scheme is aimed at addressing: - Shortcomings in investments in power distribution companies (DISCOMs) due to low/absent demand; - Shortcomings in DISCOMs' ability to recover their costs by means of tariffs; - Weaknesses in DISCOMs' supply infrastructure, including lack of traction power, strategic reserve margin, and operating reserve margin.

The scheme aims to meet the following objectives:

- Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
- Reduction of ACS-ARR gap to zero by 2024-25.
- Improvement in the quality, reliability, and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

### Our company's outlook with the industry

We are confident in our company's outlook with the industry. With past schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS), our company has benefitted with so many opportunities and that has really shaped our dreams and vision to the next level. It's been a perfect partner for our company, and we're thankful for how it has helped us so far.

As the government is looking to increase the installed capacity of power plants, renewal energy and green energy, the distribution of this power becomes more challenging as this is from where the consumer will get their power. However, the distribution of electricity is a complex process which requires consideration for multiple stakeholders. Some of these stakeholders are: - Consumers- Utility companies- Community organizations- Local governments who are responsible for the physical distribution of electricity.

The main challenge arises when the number of units generated by these power plants do not convert into revenue of the utilities making them vulnerable to losses and finally halt the development of the nation. Moreover, accidents that occur due to faulty equipment and improper maintenance create an unsafe environment for the society and that cannot be considered proper development.

We are glad that the present Government has taken a note on this by launching a new scheme named RDSS which will resolve all these issues, however we still feel that the Government needs to add a special consideration for the security and protection of the infrastructure and public.

When it comes to power distribution, our company's line of solutions becomes vital and our responsibility towards this nation building activity increases by providing robust line of products to make this initiative more successful.

With this agenda in mind, we have changed our attitude towards business and growth, and are now changing our perspective with the introduction of a fresh tagline for our business, "Safety and Values, Your Way!"

It is not just a fancy tagline to impress the world. Rather, it has many meanings. Company will focus on the solutions which can ensure safety to all stake holders in the supply chain and distribution of power. Our company will ensure to deliver goods and services with ZERO DEFECT, which will ensure no more accidents and theft. Our solutions will be made with some values based on ethics, principles and standards. We intend to become the only company in India to offer customized solutions for

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each utility based on their unique set of problems. We will learn from their problems and educate the society on how to handle power safely as part of our CSR activities in the years to come.

We are looking to grow multifold in the next few years, as we are the greatest beneficiary of the RDSS scheme, which is in full swing from January 2022 and growing as expected in the present situation.

We are now committed to 10x improvements in each of our departments, whether it be engineering, quality, production or developments to be the largest solution providers in the nation building. We are creating our USP's very selectively with Zero Defect, Ontime Delivery and optimum cost of operations which will give our company an extra edge over the competition. We have achieved our vision and we are now moving towards the next level of business development.

Apart from moving miles ahead of our competitors, we are also preparing ourselves to expand to exports by next year and will be exporting to the nations in Africa and Asia in full swing by 2027.

We are also creating the KPI's of each department very carefully so that we can be always on our tracks of Vision, Mission and can achieve growth like never before. We are moving up and will scale up higher to achieve our dreams by 2030.

We can foresee that efforts made by the RMC team will ensure that we achieve Rs. 1000 crores of revenue in the next 3 years.

I hereby end my speech with heartfelt gratitude and thanks to all our team members, investors and business partners who have shown trust in us and have really given us the opportunity to think big and helped us in becoming one too!

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