



GE Power India Limited

GE POWER INDIA LTD. 30TH ANNUAL GENERAL MEETING (30 AUGUST 2022)

The year 2021-22 came with unprecedented challenges for the Indian businesses as second wave of Covid pandemic severely impacted small, medium and large enterprises. The recent global geo-political situation aggravated the supply chain disruption and hit the global markets through surge in crude oil & commodity prices. The outcome was a multi-year high inflation in various countries in the second half of fiscal year 2021-22. India was no exception and the Reserve Bank of India raised to the occasion to control the inflation by hiking repo rate, thrice in last three months. However, the resilience and robust consumption growth have paved the way for the economy which is expected to report strong GDP numbers for the first quarter also supported by low base effect. Despite headwinds, the business sentiment is positive as was evident from the recent Industrial Survey by the Reserve Bank of India.

Industry update

Since last few years, the Government of India is aggressively focusing on development of renewable energy to lessen dependence on coal-based power plants. However, two years of Covid pandemic has affected new capacity development of renewable energy, thereby increasing the reliance on coal-based power plants for meeting the rising energy demand. In fact, as per official statement issued by the Cabinet in its meeting early this month, India has kept the goal of 500 GW of renewable energy target flexible, thereby opening the window for new coal-based power plants to meet energy requirements. The updated NDC has a flexible approach towards renewable energy generation that in reality depends upon power demand and the same has been communicated to United Nations Framework Convention on Climate Change (UNFCCC).

India is trying to adopt renewable energy as an alternative source of power, however, coal is still considered a secured and affordable option. Also, thermal power plants are required at least for the next two decades for India, to integrate renewable energy with



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the grid and ensure inclusive reach of power to hinterlands without any shortage and production cuts.

The disruption in supply chain of petroleum products highlighted the energy security concerns, especially for nations, which are dependent on imports for the same. Considering that India has huge coal reserves, it may be expected that coal-based power projects would continue to remain important in Indian energy mix.

Performance Review

The pandemic-related disruption impacted the performance of your Company as well during FY2021-22, particularly during second half following rise in input costs. However, your Company is well aware of the risks and challenges faced by the Power sector and is accordingly drawing its growth trajectory for the next few years. Since last few years, the focus of the Company is on services segment and we have developed this capability to offer services such as emission compliance (NOx/SPM/CO2), upgrades-fuel conversions/ efficiency/ availability and grid stability needs-with high RE penetration-syncon. It also offers the opportunity to develop and operate in a niche segment and develop additional specialization.

During the year 2021-22, your Company won some prestigious orders from marquee clients like BHEL, NTPC, Tata Power, Indian Oil Corporation and Apollo International. The Company is cognizant of the fact that the discipline of execution in contracts will be the important mainstay of the near-term growth and is of paramount importance for your Company.

Update on GE's decision to sell stake in your Company

As you are aware, GE had announced to exit new-build coal businesses globally and hence a process to reduce its stake in your Company has begun. As per the announcement, the entire process of de-promoterisation is expected to be completed within 36 months. While your Company is intending to stand on its own and enhance operational performance, GE is also helping your Company in growing its order book and serve shareholder interests. Since the announcement by GE, multiple transition teams



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have been put in place under Separation Management Office to ensure smooth transition. Various steps, including acquisition of IPs, technology transfer, references, qualification requirements etc. apart from access to markets beyond India have been initiated to align Company's objectives and long-term growth plans.

Outlook & Conclusion

While the last two years have been unpredictable in terms of growth for the Indian businesses; the economy is gradually normalizing with pandemic-led disruption getting behind us and positive sentiments prevailing in the business community. Various indications suggest there is a definite light at the end of the tunnel and that India Inc. is likely to be one of the major beneficiaries of global demand.

The power sector is optimistic as commodity prices, particularly coal, is cooling off from their recent highs. The subdued order activity in the sector was a major concern over last few quarters. However, with the businesses investing heavily in capex and demand for power expected to surge over next few years, the placement of new orders is likely to revive the sector.

I would like to sincerely thank all my employees, vendors, supply chain partners, customers and the Government for supporting us every time. My special gratitude for all shareholders and investors who have trusted our capability to create value for them.

I would also like to take this opportunity to thank our esteemed Independent Directors and Directors on the Board of Directors of your Company.

Becoming energy independent is prime on India's economic agenda today. And, making coal a partner in the journey towards energy independence will fetch visible rewards. On this Independence Day, as we chart our course for 'Amrit Kaal', we must strive for freedom from emissions and drive our country towards complete energy autonomy and security. As a leading player in India's AQCS space, at GEPIL, we remain committed to these twin goals of emission control and energy independence that will together accelerate India's economic growth towards holistic, sustainable development.