



GE T&D India Limited

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July 27, 2021

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MUMBAI 400 001

The Manager  
Listing Department  
National Stock Exchange of India Ltd  
Exchange Plaza, Bandra Kurla  
Complex, Bandra (East)  
MUMBAI 400 051

**Code No. 522275**

**Symbol: GET&D**

Dear Sir,

Sub: **Transcript - GE T&D India Limited Earnings Call for Investors held on July 23, 2021**

Please find enclosed a copy of the Transcript of earnings conference call with analysts/ institutional investors held on July 23, 2021 in respect of proposed resolutions at Annual General Meeting for Related Party Transactions.

You are requested to take note of the same.

Thanking you,

Yours faithfully,

For GE T&D India Limited

Manoj Prasad Singh  
Company Secretary



## “GE T&D India Limited Conference Call”

**July 23, 2021**



**MANAGEMENT: MR. PITAMBER SHIVNANI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – GE T&D INDIA LIMITED**  
**MR. SUSHIL KUMAR – CFO, GE T&D INDIA LIMITED**  
**MR. SANDEEP ZANZARIA – COMMERCIAL LEADER, GE T&D INDIA LIMITED**  
**MR. MANOJ PRASAD SINGH – COMPANY SECRETARY, GE T&D INDIA LIMITED**  
**MR. SUNEEL MISHRA – HEAD (INVESTOR RELATIONS), GE T&D INDIA LIMITED**



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July 23, 2021*

**Moderator:** Ladies and gentlemen, good day and welcome to GE T&D India Limited Conference Call. This is a special meeting organized in respect of some proposal in the upcoming AGM or related party transactions. 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 would hand the conference over to Mr. Suneel Mishra from GE T&D India Limited. Thank you and over to you, sir.

**Suneel Mishra:** Thank you Lizzan, Ladies and gentlemen, good afternoon. I wish all of you are safe, so welcome to today's conference call with GE T&D India Limited Management Team. As we know, this conference call has been organized to present and discuss some details of the proposals in the upcoming annual general meeting for related party transactions.

Just to remind you that the AGM for company shareholders has been scheduled on August 6 at 3 p.m. through VC/OAVM facility without the physical presence. So now let me first introduce my management team available on this call. We have with us, Mr. Pitambar Shivnani who is our Managing Director and Chief Executive Officer. Further, we have Mr. Sushil Kumar who is our CFO. We have with us Mr. Sandeep Zanzaria who is our Commercial Leader, and we have with us Mr. Manoj Prasad Singh who is the Company Secretary. Please note that this conference call is scheduled up to 4.30 p.m. I hope you would have received the presentation on the topic and the same being uploaded on our website.

I would now request Mr. Sushil Kumar - CFO to begin with his presentation, so over to Sushil.

**Sushil Kumar:** Thanks Suneel. Good afternoon ladies and gentlemen. I wish everyone is safe and healthy. So as Suneel mentioned, the purpose of this call is to take our investor community through some of the proposals that we have in the notice to the AGM regarding the material related party transactions and have discussion around and answer to the queries if any, so that the investors can vote positively and make an informed decision.

We have made a presentation with about 4 slides. The first slide which is on the Page #2 of the presentation summarizes the three resolutions, the resolution number 8, 9 and 10. To give the overall picture and the rest 3 slides have some details or more information about each of the proposal. First talking about the overall summary, the resolution number 8 and 9 are with our affiliate company or a related party in GE Industrial India private limited or GEIPL. We have two resolutions for approval for this entity. The first resolution is for the intercorporate borrowing and the intercorporate deposits. Both these resolutions were also placed in the last year AGM. Last year, we had 1000 crores approval for borrowing and 150 crores for deposits and we have the existing arrangement of borrowing from the cash pool from the GEIPL entity and lending to this entity in case of surplus cash.



The second resolution with GEIPL is for the sale and purchase of goods and services for about 250 crores and 150 crores for various other cost recharge and services which are other than the sale and purchase of goods. So overall for GEIPL, with two resolutions, we are seeking approval for 700 crores of borrowing facility, 150 crores of deposit facility, 250 crores of project and product related sale and purchase direction and 150 crores for the other common services.

There is one more resolution, resolution 10 with an entity named UK Grid Solutions Limited. We do have regular transactions with this entity, but since last year, the overall transactions were less than the materiality limit. This was not placed to the shareholder for approval and this year because of 1 specific anticipated tender, the overall transactions will cross or may cross the materiality limit of around 350 crores which is representing 10% of the turnover of GE T&D. Accordingly, we have placed this also for the shareholder approval. So, about 2000 crores of tender related arrangement which primarily includes joint and several undertaking liabilities to bid jointly for an upcoming large tender and we will discuss more about that in the subsequent slide, indemnity obligation, parent company guarantee, etc., and 100 crores for sale and purchase of material and component and 50 crores for sale and receipt of services. So this is the overall summary of the three resolutions.

Moving to the next page #and specifically talking about the cash pool arrangement, the purpose of, I am now at the Page #3 of the presentation. The cash pool arrangement for the GE entity is an arrangement to meet the short-term loan and the working capital requirement of the group entities. This year, we are asking for 700 crores of borrowing and 150 crores of lending. Last year, the approval that we received in the AGM was for 1000 crores of borrowing and 150 crores of lending. The drop of 300 crores is predominantly on account of lesser need of working capital because last financial year, we generated about 270 crores of positive working capital and cash flow generation.

There are several benefits on the borrowing side. The first and foremost is that this is an additional source of fund and alternate source of arrangement other than the banking lines that we have at the company. The second benefit is that facilities are at the market benchmark rate of interest at around 5.5%. The rate of 5.5% was at the time of sending the AGM notice, but this rate keeps on fluctuating, but always benchmark to the latest current market trends and linked through method of arriving at pricing which is approved under the transfer pricing laws or regulation and at the arm's length to the company.

Other advantage of this kind of arrangement is that it is unsecured, payable on demand and it offers higher flexibility to the company to manage the fund situation and optimize on the interest cost because once we borrow from a bank, there has to be a minimum commitment on the borrowing of about 7 days, 10 days, 15 days and so on whereas for this cash pool borrowing, the day end balance can be transferred to the cash pool or pulled out from the cash pool as a facility. So, we just need to pay on the utilization instead of our fixed commitment in the case of bank borrowing. So, it helps us to reduce the cost of interest to the company. There is no minimum tenure on borrowing. It can be repaid at any point of time. There is no penalty for early payment



and so on and the general terms and condition are consistent with cash pool arrangement terms and condition defined by General Electric Company for all its subsidiary across the globe.

On the lending side, similar benefit, there is higher flexibility. If we are able to generate positive cash on some of the days, we can be positive through the cash pool participant and we can earn interest at around 4% which is again linked to a benchmark rate arrived under the transfer price mechanism and helps us to earn interest on the surplus cash without making a commitment for minimum tenure with the banks. Similarly, like I said for the cash pool borrowing, the deposit that we make to the cash pool if the surplus cash is available. Again, the day end balance sweep can happen, there is no minimum tenure, there is no penalty for the pre-closure of this deposit and earlier withdrawal of the deposit. So, these are some of the benefits. It is a very good facility available to optimize on the working capital requirement and remove the inefficiencies because if we don't get into this cash pool arrangement, there can be a situation that in some of the banks there may be a borrowing and some of the banks there may be surplus and we may have fixed commitment with the banks on either side and we may not be able to utilize the available funds of the company to offset against the borrowing and minimize the interest cost. So these are the major benefits from the borrowing and lending side.

Moving to the next slide on Page #4 which is talking about the sale and purchase of goods and services with GEIPL, the first element of sale and purchase of goods and services, this is mainly for an anticipated upcoming tender which we anticipate from December to March. It is for an end customer for a hybrid project. Our company does not have the full capabilities to deliver the hybrid projects whereas the GEIPL entity has the capability and in the overall framework of the contract, our scope of transmission and distribution substation is needed. However, the customer is looking for end-to-end solution from the bidder, so as a result we anticipate this kind of order wherein we may have to supply the goods and services of the T&D to GEIPL and this will be an opportunity where we can leverage the large GE portfolio to increase our order book. So, in this case, mainly, it will be for potential wind, hybrid, and Gas turnkey projects wherein we will bid.

Then, the other section that we are asking for an approval, and we took the approval last year as well is for availing and rendering of various services other than the sale and purchase of material or projects and these are services in the nature of the payment of cost where we have the negotiation at the larger GE level. So, for instance, the travel, etc., related expenses are negotiated by the central entities and some of the common entities holding the center of excellence for better negotiation and then these rates are basically used for reimbursement of the actual usage by the respective entities. So mainly the travel related services, IT, equipment related services, manpower training and development cost and sharing of some office space and sharing of a registered office. These are predominantly the sale and purchase of services with GEIPL. In the last AGM, also we took the approval and in the current AGM, we are asking for 150 crores of approval because again this gives the benefit of better negotiation, optimizing and working on the common tools and brings lot of productivity to the company. We have highlighted our comment in the bottom in the blue line just to specifically highlight again,



although all these facts are given in the explanatory statement that these approval for sale and purchase of goods and services are general services from GEIPL, do not include any transaction in relation to the global engineering operation division of the company. So, these were the major transactions that we anticipate with GEIPL.

Moving to the last page and I will first talk about the bottom section, we do have regular transaction for purchase of component and sale of component with UK Grid Solution Limited. Last year, the approval was not taken because the overall transactions were less than the materiality limit. This year, because the overall transaction exceeds, so we are asking or looking forward to 100 crores of approval for sale and purchase of component and about 50 crores of approval for sale and receipt of services.

Again, all these transactions whether for GE Grid Solution UK or GEIPL as I talked earlier, the pricing is determined following the RPT guideline as per the policy of the company at the arm's length following the transfer pricing mechanism. In this year, other than these 150 crores of purchase and sale of material and services, we anticipate a large HVDC order to be decided in this financial year. As you know that our company does not have end to end technology to meet the HVDC scope, so we generally partner with another group company which is UK Grid Solution Limited to deliver the end-to-end solution to our customer like we did for PGCIL, Champa 1 and Champa 2 projects. In this case, while there will be two entities participating having their own POs and scope with the customer, the customer is looking forward for a binding agreement between the two companies that they will be jointly and severally responsible to meet the end-to-end obligation of all the requirement as per the contract with the customer.

Overall, we anticipate the contract value to be up to 2000 crores and accordingly we need to sign a joint and several liability undertaking primarily besides the other terms and condition that we may have to sign with the customer and for this purpose because this exceeds the materiality limit, we have placed for the approval of the shareholder and if we win this order, this will be a significant boost to the order book of the company. So that is it from our side in terms of explanation.

Now, we can open up for questions and we will be happy to answer if you have any questions and we are looking forward for a very positive response and your approval and support to approve this resolution so that the company can win and optimize on the cost of operations of our business.

**Moderator:**

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

**Sushil Kumar:**

While our investor community is probably defining the questions to be asked to the management, I just like to clarify that except this HVDC order that we anticipate and the hybrid order with the end customer where GEIPL will be a main bidding entity and we will be supporting them. The rest of the transaction are business as usual and again this is also business as usual, but these are one-off large item or that we see for the year. We are always available even beyond this call, in



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case any of our investors need any clarification, you can write to us, you can write to Suneel, Manoj as a Company Secretary or myself as a CFO and we will be happy to answer to your queries. Manoj, in the meantime, if you can help about the timings of the voting line, that will be helpful.

**Manoj Prasad Singh:**

Thanks Sushil. So, for the voting as per requirement of law, we have e-voting process which will start on 3rd of August morning 9 a.m. up to 5 p.m. on 5th of August. So the remote e-voting option all the investors have. You would have received your details about voting, and you would be having your user ID and passwords to cast your vote. The instructions are there in the notice of the AGM, and thereafter company would be providing voting option at the time of AGM just after the AGM. A window will be opened for half an hour, wherein those shareholders who have not cast their vote through remote e-voting, they can cast vote at that point of time. If the shareholders who have casted their votes through remote e-voting, they can still participate and attend the AGM, but they would not be able to cast their vote again. So, this is all that we have for the casting of the votes. Over to you, Sushil.

**Moderator:**

As there are no questions, I now hand the conference over to Mr. Suneel Mishra for his closing comments.

**Suneel Mishra:**

Thank you Lizzan again. Thank you everyone for your participation. If you have any other question, then please feel free to contact me or the company secretary. So, with this, we conclude today's conference call and thank you again.

**Moderator:**

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