



January 12, 2022

GE T&D India Limited Investor Meeting on GEOD Update



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About Global Engineering Operating Division (GEOD)

GEOD Business

Global Engineering Operations Division (India for Global) (GEOD) provides engineering services to other GE Grid entities outside India through an Engineering Services team. The services provided to GE Grid entities outside of India by GEOD include **engineering support for tendering, project support and product design**. Some of the key highlights of GEOD as on date are as follows

- **GEOD is non-core in nature** as GE T&D India does not provide engineering and product design services as main offering and revenue from GEOD business for FY 2020-2021 was Rs. 726 million, which is less than 2.2% of the total revenue of the Company
- GEOD is a **captive service provider** for GE Grid group companies. There are no customers outside GE group
- GEOD provides services to > 15 legal entities **within the GE Grid Solutions group**
- There is also **no exclusivity** from GE Grid group entities in these contracts/purchase orders
- There are also **no specific patent or licenses** in the name of Company in relation to GEOD
- The contracts/purchase orders from other GE Grid group companies are issued for **short term requirements**
- **The Company continues to have an internal team** (separate from GEOD) to provide engineering support for tendering, project support etc. for its own business.

Financial data of GEOD business

	<i>Represented in</i>	<i>FY 2018-19</i>	<i>FY 2019-20</i>	<i>FY 2020-21</i>
Revenue	Minr	898	915	726
As a % of GE T&D India Limited revenue	%	2.1%	2.9%	2.1%
EBIDTA	Minr	178	197	146
EBIT	Minr	156	172	119

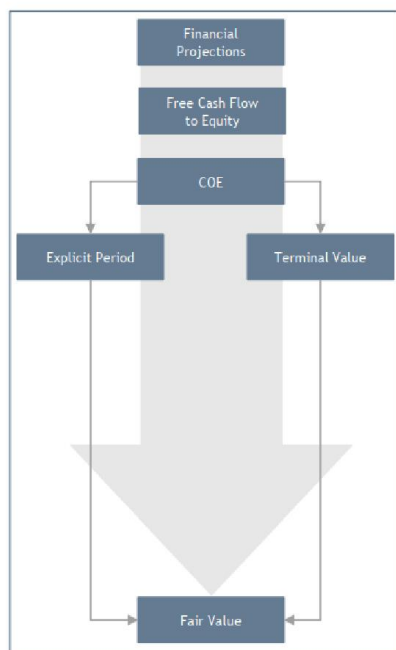
(Rs. In million)

Developments so far

<p>Nov 20 – Dec 20</p>	<p>GE Grid Solutions decided to create Global Engineering Operations Center (GEOC) expanding its existing capabilities under GE India Industrial Private Limited (GEIPL)</p> <ul style="list-style-type: none"> • To develop advanced grid technologies and accelerate the energy transition for different parts of the world with a vision to become a leading high voltage technology player • To develop advanced product design and complex engineering solutions required by its Global Customers • Consolidating its activities under one center of excellence to increase the efficiency and productivity, <p>This strategic initiative required a strong and coordinated approach, with flexibility, speed and business simplification under leadership of Global Chief Technology Officer (with requisite technical/operational expertise and resources to deliver commitments at a Global scale)</p>
<p>Jan 21 – Mar 21</p>	<p>Slump Sale proposal for GEOD</p> <ul style="list-style-type: none"> • Post GE Grid Solutions decision to create GEOC, the likelihood of Company not getting orders for the GEOD business in the future was perceived • In the best interest of the Company a proposal to sell the Global Engineering Operations Division (GEOD) of the Company to GE India Industrial Private Limited (GEIPL) by way of slump sale, for a purchase consideration of Rs. 873 million, was placed before the shareholders of the Company through a postal ballot notice dated February 4, 2021 • However, the resolution for the proposed slump sale was not approved by the requisite majority of non-related shareholders. Accordingly, the Business Transfer Agreement between the Company and GEIPL stood terminated
<p>April 21 – Dec 21</p>	<p>Status of PO existing contracts / Purchase orders of GEOD</p> <ul style="list-style-type: none"> • GE Grid solutions communicated that developing advanced Grid technologies and accelerating the energy transition requires consolidation under one focused center of excellence through GEOC • Accordingly, Company was formally notified by GE Grid Solutions that with effect from June 30, 2021, no new contracts/purchase orders will be issued to the Company in relation to GEOD and existing contracts/purchase orders will lapse at their expiry date or be terminated by notice. • The management has been exploring various options to reduce the impact of excess manpower and assets within the Company. Pursuant to requests from the management, GE Grid Solutions has been extending the date of termination and vide its last communication on the subject dated December 13, 2021, it has extended the date of termination to March 31, 2022
<p>Sep 21 – Dec 21</p>	<p>Valuation and Fairness Opinion</p> <ul style="list-style-type: none"> • Company's Audit Committee approved undertaking one more valuation of GEOD <ul style="list-style-type: none"> • M/s BDO recommended a fair value of 1406 MINR for GEOD vide its report dated Nov 8, 2021 • M/s RBSA confirmed valuation as fair vide their fairness opinion dated 8th November 2021 • Audit Committee and Board have accepted and approved the valuation and fairness opinion report • The management of the Company is currently in discussion with GE Grid Solutions and GEIPL regarding the proposed slump sale of GEOD business, and they have expressed their continued interest at the revised valuation

Valuation and Fairness Opinion

Valuation of GEOD by M/s BDO Valuation Advisory LLP*



<i>DCF Valuation on going concern basis</i>	<i>Total cash Flow</i>	<i>Net Present Value of cash Flow</i>
<i>Explicit Period</i>	769	484
<i>Terminal Value</i>	1,557	922
<i>Business Value of GEOD as on Sep 30th 2021</i>		1,406
<i>Trailing Twelve Month EBITDA as on Sep 30th 2021</i>		155
<i>Implied Multiple in times</i>		9.1X
<i>(Valuers corroborated GEOD's implied multiple with broadly comparable select Companies and considered it to be reasonable)</i>		




M/s RBSA Capital Advisors LLP ** have opined the valuation is fair to the shareholders of GE T&D India Limited

Audit Committee and Board accepted valuation and fairness opinion post several rounds of extensive deliberation with Valuers and Merchant Bankers

* registered valuer enrolled with IBBI) , ** SEBI Registered Category I Merchant Banker

(Rs. In million)

GEOD Scenarios

	Slump Sale	Termination / Non-Renewal of Contracts by GE
 Employees	Continuity of Employment	Loss of Employment (Severance cost ~140minr)
 Assets	Part of Slump sale	Redundant (Impairment cost : ~ 90m)
 Facility	Lease/Sub lease	Over capacity and redundant facility (Facility cost : ~ 125m annually)
 P&L Impact Cash Impact	Positive Positive	Negative Negative

The management in discussion with GE Grid Solutions and GEIPL for slump sale of GEOD business

(Rs. In million)

THANK YOU

