



## TUBE INVESTMENTS OF INDIA LIMITED

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### TRANSCRIPT OF THE PROCEEDINGS OF THE EXTRA-ORDINARY GENERAL MEETING OF THE COMPANY HELD ON MONDAY, 30<sup>TH</sup> NOVEMBER 2020 FROM 10.30 AM TO 11.15 AM IST THROUGH VIDEO CONFERRING

#### Participants

- |                         |   |
|-------------------------|---|
| - Mr. M A M Arunachalam | .. Director                                       |
| - Mr. Vellayan Subbiah  | .. Managing Director &<br>Chairman of the Meeting |
| - Mr. Sanjay Johri      | .. Independent Director                           |
| - Ms. Madhu Dubhashi    | .. Independent Director                           |
| - Mr. Mahesh Chhabria   | .. Independent Director                           |
| - Mr. K R Srinivasan    | .. President & Whole-time<br>Director             |
| - Mr. K Mahendra Kumar  | .. Chief Financial Officer                        |
| - Mr. S Suresh          | .. Company Secretary                              |

#### Mr. Vellayan Subbiah, Managing Director & Chairman of the EGM:

Good morning to you,

I welcome all Shareholders of TI to the Extra-ordinary General Meeting today.

As requested by the other Directors, I, Vellayan Subbiah, Managing Director of TI, will be acting as the Chairman of today's EGM and conduct the proceedings.

Due to COVID-19 pandemic, companies are permitted to hold EGMs during 2020 through video conferencing by Ministry of Corporate affairs (MCA) and SEBI. Therefore, this EGM is held through video conferencing.

Also, this year, due to the pandemic, requirement to send physical or paper copies of the Notice has also been dispensed with by the Government and SEBI. Therefore, a soft copy of the Notice of the EGM has been sent by e-mail to all shareholders having registered e-mail ids. Soft copy of the Notice was also made available to shareholders who responded to our request and registered their e-mail ids. The EGM Notice is also made available in soft copy form with easy to locate link on the home page of the Company's website.

For this EGM, I inform you the following, for your guidance, to facilitate your participation and for smooth conduct of the meeting:

- Please note all shareholders have been put on mute.
- Those of you who have registered to speak today - you will be unmuted once your name is called.
- Please also note the speed and working of audio and video mode for joining this Meeting by you depends on your internet capacity.

Please also note since this meeting is through electronic means, no proxies are allowed to attend.

Now I will start the formal proceedings of this EGM.

I am informed that, based on registrations received from shareholders, the requisite quorum for this EGM is present. I now call the Meeting to order.

Before we proceed with the business before this Meeting, let me introduce to you my colleagues on the Board and the Executives all of whom are participating from their respective locations through VC:

- Mr. M A M Arunachalam. He joined the Board recently. He is Chairman of the Stakeholders Relationship Committee.
- Mrs. Madhu Dubhashi. She is also Chairperson of the Corporate Social Responsibility Committee.
- Mr. Sanjay Johri. He is Chairman of the Nomination & Remuneration Committee.
- Mr. Mahesh Chhabria. He is also Chairman of the Audit Committee.
- Mr. K R Srinivasan. President of TI's Metal Formed Products division. He was recently elevated to the Board as President and Whole-time Director.

We also have with us:

- Mr. K Mahendra Kumar, the CFO; and
- Mr. S Suresh, the Company Secretary.

Mr. Aravind Krishnan, Partner of M/s. S R Batliboi & Associates, Chartered Accountants and Statutory Auditor has also joined this meeting through video conferencing.

Dear Shareholders,

You may be familiar with the procedure for conduct of shareholders meetings and voting by shareholders in terms of the Companies Act, 2013 and the SEBI Listing Regulations.

To draw your attention, there is a remote electronic voting procedure before the general meeting, followed by an electronic voting at the general meeting for those who did not vote in the remote electronic voting.

I inform that the Company has complied with the procedure for service of the Notice of the EGM and other matters in accordance with the Companies Act and the Rules thereunder and also in line with the circulars of the Ministry of Corporate Affairs and SEBI issued in the aftermath of the COVID-19 pandemic. The remote electronic voting facility was provided to all shareholders through NSDL. The cut-off date for eligibility to take part in the voting exercise was 23rd November 2020. The electronic voting was kept open from 27th November 2020 to 29th November 2020.

M/s. R Sridharan & Associates, Practicing Company Secretaries have been appointed by the Board as the Scrutiniser for conducting the electronic voting process—Mr. R Sridharan is present for this meeting through video conferencing.

I hope all of you have cast your votes. If you have not, you may do so when the electronic voting window is activated shortly.

The Notice convening the EGM has already been dispatched through electronic means. With your permission, I take the Notice as read.

For the understanding of TII's shareholders, I wish to briefly explain the objective behind convening today's EGM.

As you may all be aware that TI has completed the process of acquiring, CG Power and Industrial Solutions Limited and CG Power has consequently become the new subsidiary of TII.

CG Power is a listed company and was established in the year 1937; and, since then the Company has been a pioneer and has retained its leadership position in the management and application of electrical energy.

CG Power's diverse portfolio ranges from transformers, switchgear, circuit breakers, network protection & control gear, project engineering, High tension and Low tension motors, drives, Power Automation Products and turnkey solutions in all these areas. This portfolio has been structured into 2 Strategic Business Units - Power Systems and Industrial Systems.

CG Power had defaulted in repayment of its debt owed to its lenders of the Company and the Lenders had entered into an inter-creditor agreement in accordance with the Reserve Bank of India's circular on Prudential Framework for Resolution of Stressed Assets dated 7th June 2019, with State Bank of India acting as the lead bank for resolving the outstanding debts of the CG Power.

A binding offer dated 11th August 2020 was submitted by TII to CG Power and its lenders for restructuring/resolving the outstanding debt, acquiring a controlling interest and undertaking a change of its management of CG Power in terms of RBI's Prudential Framework.

TII entered into the Securities Subscription Agreement with CG to subscribe about Rs.800 Crores towards equity shares and warrants to acquire 58.58% of its equity capital and for undertaking a change in control of the CG Power as part of implementation of the Resolution Plan.

The lenders, upon recommendation from CG Power, considered TII's offer and granted in-principal approval for launching the swiss challenge bid process. Upon completion of the swiss challenge bid process, TII was selected as the successful bidder for the purpose of the Resolution Process CG Power.

Pursuant to the Approved Resolution Plan, TII, CG Power and the lenders of CG power have entered into definitive documents for the purpose of implementing the Approved Resolution Plan including the Master Implementation cum Compromise Settlement Agreement.

CG Power, at its Board Meeting held on 26th November 2020, has allotted 64,25,23,365 (sixty four crore twenty five lakhs twenty three thousand three hundred sixty five) equity shares to TI, representing 50.62% of CG's equity capital. CG Power has thus become a subsidiary of TII and the entire Board of Directors of CG Power has been reconstituted with the directors proposed by TII, as envisaged under the SSA and Approved Resolution Plan.

TII and CG Power are in the process of identifying new lenders to CG Power to finance its long-term and working capital requirements. The lenders with whom TII and CG Power are engaged require TII, as the new promoter to provide assurance through guarantees for timely servicing and repayment by CG Power of the term loan and working capital facilities aggregating Rs.1,400 Cr. Of course, I wish to assure here that CG Power will be offering its fixed assets and current assets as security to the lenders for the credit lines and loans.

TII's Board has approved providing of such guarantees to the lenders of CG Power, subject to shareholders' approval under Section 186 of the Companies Act.

You may have seen from the EGM Notice that providing guarantees for Rs.1,400 Cr. to Lenders of CG Power would require shareholders' approval by a special resolution as it would be in excess of the limits permitted under Section 186 of the Companies Act. Hence, this EGM has

been convened by TII's Board.

TII believes that CG Power's difficulties arise out of lack of funds and once the same is provided, it will stabilize and turnaround within a reasonable period of time. This would result in CG Power being in a position to service and repay all its debts by itself, without a need for the Lenders to seek recourse to the guarantees which TII is going to furnish as promoter. With TII's operational, financial and governance capabilities and experience, TII is confident that the present difficulties and hardships of CG Power will be removed. Once that is done, together we see mutual value creation happening in CG Power as well as TII.

You would have seen from the Notice, that shareholders' approval is sought for a higher amount of Rs.1,760 Cr. This is to facilitate any incremental requirements whether from CG Power or any of our other subsidiaries of TII. This will help us meet those requirements quickly than convene another EGM or issue postal ballot. Any such additional requirement would be judiciously evaluated and acted upon only if in the interests of TII.

Shareholders, briefly, the Special Resolution before this EGM is for investing in securities of and providing loans to and/or guarantees or security in respect of borrowings availed/to be availed by M/s. CG Power and Industrial Solutions Limited and any subsidiaries of the Company.

Shareholders, the e-voting window shall now be activated so that those who have not voted earlier under the remote electronic voting can vote. You may please vote by clicking on the voting button visible on your screen.

Shareholders who have registered as Speakers may please wait for their turn to speak. I understand there are two shareholders who have registered as Speakers. Their names will be announced and they will be unmuted one after the other so that they can speak.

It will be my pleasure to answer any questions you may have specifically on the resolution before this EGM. Please confine your speech only to the matter relating to the EGM Notice and restrict your speech to a maximum of 3 minutes.

After all the questions are tabulated, I will answer the same to the extent it is not prejudicial to the interests of the Company.

**Mr. S Suresh, Company Secretary & Moderator:**

Mr. Abhishek. You are registered as the first speaker. You can unmute your audio and video and make your observations.

**Mr. J Abhishek (Shareholder):**

My name is Abhishek, Shareholder of the Company. My DP ID IN301637 and client ID is 41359155. First of all I congratulate the management on the eve of the Extra-Ordinary General Meeting. Item no.1 which is for providing loans, guarantee to be availed by CG Power. We have planned to invest Rs.1,655 Crores in CG Power with immediate effect on a gradual basis. How much time will it take for our Murugappa group to invest this particular amount in CG Power and revive the company. And, my second question is do you have any plans to shift the registered office of CG Power to Chennai. Then some physical shares issue is there Sir, pertaining to Shanthi Gears. Since you have told that we are particular only on EGM, I have already dropped the email, Sir. Please look into so that I can get a revert back from you as a long standing pending issue is there. And, we have full trust and faith in Murugappa group. Whichever project Murugappa group takes, it will be successful and in coming future, it will reward the minority shareholders in large numbers. So, CG Power Rs.1,655 Crores is also very good proposal by Murugappa group and this is definitely going to fetch us good profits in the coming years. Nothing much to ask Sir. I wish the Company and the Board of Directors great success and prosperity in the coming year. Thank you for giving me the opportunity, Sir.

**Mr. Vellayan Subbiah, Managing Director & Chairman of the EGM:**

Thank you Abhishek.

**Mr. S Suresh, Company Secretary & Moderator:**

I will put the other speaker, Sir. Kindly wait for a minute. Mrs. Elizabeth can you hear us?

**Mrs. Celestine Elizabeth Mascarenhas (Shareholder):**

Oh yes, respected Chairman of the EGM, other Board of Directors and my fellow shareholders, who are attending, greetings to one and all. My name is Celestine Elizabeth Mascarenhas from Mumbai, Wadala. I specially take this opportunity to thank the Company Secretary for responding to my e-mail and helping me to enter this virtual meet. And, this being the first I attended out of Bombay, otherwise I am only centering around Mumbai itself. Now this EGM is for one resolution and obviously it is very short. Our Company TI has completed the process of acquiring the controlling interest of M/s. CG Power, where I am also a shareholder from many, many years – for 30 or more years, I am a shareholder and TI has already invested Rs. 800 Crores by equity and debentures and we require still more funds. I heard your initial briefing; we are going to invest about Rs.1,655 Crores and our Company will be providing guarantee and all other requirements. My one observation or my suggestion, Sir, why can't you give some rights issue at a very attractive rate like what happened in Yes Bank, to TI also and more to CG Power and definitely we are very good shareholders of CG Power. It was only because of the debt problem and servicing and all that this situation has happened. And, we are very, very happy that you took over; the Murugappa conglomerate has taken over and it was not just left with the IBC and even in the CG Power's meeting, I had given lots of thumbs up, if like this big groups come and save the small shareholders like I was shareholder in Essar Steel, I lost all my capital and next one is the Lakshmi Vilas Bank, I had so much faith. I never thought that ninety-four years' bank would just be gone in a jiffy, nowhere, so I am really very much thankful to you all because you have saved this company. I hope like this there is more and more big groups coming and taking care of the small shareholders because we have no other source now since interest is all going down. So you are only our hope and future, Now, I have a small another one that one of the shareholders said about the registered office. My request is also as this is the subsidiary of TII, I would also suggest that let the registered office be as you feel and we have full faith in you and you can come when it is physical and the Board is also reconstituted. Now, my one small question is in how many years will we turn into black, whether it will be one year, two years or three years and second is what our Company has learnt from

COVID, learnt to tackle lot of hassles, and I wish the Company all the best. I hope our Company goes strength to strength, Murugappa group goes strength to strength and also CG Power because I know it has really got certain advantages in CG Power. I had gone to some plants and I had got a shock of my life when the debt killed them and whatever it is, we are in very good, strong hands. We, all shareholders will definitely pray for your strength, that God gives you all strength so that we once again become a very powerful group. Thank you very much and wish you all the best. Thanks a lot once again.

**Mr. Vellayan Subbiah, Managing Director & Chairman of the EGM:**

Thank you Madam. Thank you both Abhishek and Celestine. Let me just answer Abhishek's questions first. So Abhishek's first question was he had a break-down of the amount of debt and the amount we are investing in this entity. just to be clear, we are putting in only Rs.800 Crores in equity. Regards debt, it is not an investment from TII's perspective. CG Power will take debt, it will take close to about Rs.1000 Crores in funded line, non-funded lines and that is what TII is providing guarantee for and, that debt amount is not coming from TII, but it is basically debt of CG Power itself. Abhishek was asking a question on registered office. At this stage we are just getting our focus and priorities basically to add value, like Celestine mentioned, focus on turning CG Power around. We will come to the registered office issues and think about that much later. And, third to your question on Shanthi Gears, it is good you sent an email and I am sure the email would be responded to. So thanks so much Abhishek.

Celestine, thanks for your call in and your questions. I was listening to your point on rights issue, obviously, right now we have infused this level of funds into the company. Should further levels of investment to the company be required, we will also consider rights as a potential option, it is not an option we will rule out. So it is a fair option and it is something we will consider Madam, going forward. Celestine, if I understood you right, you wanted the registered office to continue in Mumbai. Like I said, this is an issue that we will take up in the future. But, it is not a priority. Immediate priority is on turning the company around. And third, to your question on how long will it take the company to turn around, we hope to at least get it into black, profitable again, within a 24 month window and then, obviously make it significantly more profitable than that. If things are favourable to us, we can achieve that in a shorter time frame. You had also asked about the COVID pandemic. The good thing is that we have seen a fair amount of resilience across the country and across sectors after the first quarter this year, need to see how it will play out in the second half of the year. We are fairly confident that the market hopefully will come back and stand us in fairly long stead. However, obviously we have taken a conservative view to this turnaround and we believe that it makes sense for us to be prudent in terms of how long this turnaround will take. I hope I have answered your questions to your satisfaction. I thank you again for your questions.

Ladies and Gentlemen, that ends the question and answer session. I request those of you who have not already voted, to vote. The e-voting will end 15 minutes from the end of this meeting.

Thanks for your co-operation.

The Scrutiniser will take up counting of the votes and provide the consolidated Scrutiniser's Report on the voting. Details of the voting results along with the Scrutiniser's Report will be placed on the Company's website, [www.tiindia.com](http://www.tiindia.com) and on the website of NSDL, on receipt of the consolidated Report of the Scrutiniser.

The voting results will also be communicated to the Stock Exchanges, at the earliest and in any case, within 48 hours of the conclusion of the EGM.

Ladies and Gentlemen, with this, the official business of the Meeting is concluded. Thank you very much for your interest in the Company.

I declare the meeting as closed.

Thank you.

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